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## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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# FARMERS FEDERATION OPENS WASHINGTON LOBBY OFFICE

Sydney THE AUSTRALIAN in English 27-28 Dec 86 p 6

[Article by Julian Cribb]

[Text]

THE security of the South Pacific region is likely to emerge as a key issue in Australian efforts to head off an upsurge of US protectionism and farm subsidy activity early in the New Year.

Alarmed at signs in the US Congress and Senate that protectionist forces are gathering impetus from a presidency and administration weakened by the Irangate scandal and the prospect of a 1987 presidential election, the National Farmers Federation (NFF) yesterday confirmed it would set up a "listening post" in Washington in January.

The aim of the post would be to monitor political developments on Capitol Hill with a view to alerting the Federal Government early to any developments that threaten Australian interests, the NFF's director, Mr Andrew Robb, told *The Australian* yesterday.

By retaining top-level US sources with access to influential members of Congress and the administration, the NFF hopes to learn of any protectionist moves before they have got firmly under way using channels not ordinarily available to the Australian Government, Mr Robb indicated.

"We are very concerned at the likely emergence of measures which could damage not only our trade with America,

but also of further US policies which could harm our trade with third markets," he said.

"Such measures would not be confined to grain, but could easily affect Australian export trade in meat, wool, sugar, fruit, rice, cotton and a wide range of other commodities.

"If they succeeded there would be wide consequences for Australia's balance of payments problem, which would be further exacerbated.

"We really do think that if the US goes overboard on agricultural protection and subsidy, it has the potential to destabilise the security in the entire South Pacific region by causing even stronger anti-US sentiment.

## Lobby

"If farmers are hostile about what the US is doing to our economy, you can imagine how other less conservative sections of the community might feel towards America if this continued."

By learning early of any such moves, Australia could lobby American politicians in light of the growing interest and influence of the Soviet Union in the region, and the longer term best interests of the Western alliance.

The NFF believes that many of the policies now being espoused in the Congress reflect

only the domestic political climate in the run-up to an election, and ignore the impact they might have on the economies of allies such as Australia.

The federation takes little comfort from recent indications by the White House that it intends to prune \$US3 billion (\$4.5 billion) a year from its \$US35 billion farm subsidy program during the next five years, recognising the ultimate decisions rest with a largely hostile Congress.

Federal estimates have put the cost of US agricultural policies to our farmers and national export income as high as \$1 billion a year. Such sums directly affect national living standards.

The NFF acknowledges Australian farmers as a group are unlikely to carry much weight in the determinations of US policy, but it hopes that, through the Federal Government, they may be able to raise US awareness of the wider implications of harmful measures.

The Federal Opposition's spokesman on primary industry, Mr Ralph Hunt, has for weeks been urging the Government to mount another all-party delegation to Washington early in the New Year, to try to head off anticipated trouble.

ENVOY TO UN ON RESULTS AT END OF TERM IN SECURITY COUNCIL

Melbourne THE AGE in English 31 Dec 86 p 14

[Text]

NEW YORK, 30 Dec. — Australia's two-year term on the United Nations Security Council ends tomorrow, with disappointment that more was not achieved.

Reform of the Security Council was blocked by the five permanent members, particularly the two super-powers.

A solution to the Iran-Iraq war eluded the intense efforts of the Australian ambassador, Mr Richard Woolcott, during his month-long term as president of the Security Council in November 1985.

"Australia's term on the Security Council enhanced our reputation in the international community, as a responsible middle power with an independent foreign policy, ready to play a constructive part in the often frustrating search for solutions to conflicts," Mr Woolcott said.

"We did our best and can derive satisfaction from several positive developments. But this should be tempered by disappointment that more could not have been achieved."

But if the Security Council left a yawning chasm between aspirations and achievements, developments in the UN General Assembly gave Australia considerably more cause for sat-

isfaction, Mr Woolcott said.

"One of the most important developments of this last General Assembly session is that the seven members of the South Pacific Forum, including Australia, are now recognised as a group which can operate cohesively and effectively, as they did on the New Caledonia issue," he said.

"The resolution re-inscribing New Caledonia on the UN's list of non-self-governing territories, and the success of that coordinated South Pacific effort, underlined to UN members a new South Pacific consciousness."

Another significant development during the session was the re-emergence of Indonesia after a 10-year hiatus following its annexation of East Timor.

Indonesia suddenly reappeared as one of the early co-sponsors of the South Pacific resolution on New Caledonia, and as a result, became embroiled in a bitter row with France.

It fared well in some important UN elections, offered Jakarta as a site for a summit of the 161 non-aligned nations, and put forward a candidate for executive director of Unesco to replace the controversial Mr Amadou Mahtar M'bow.

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CSO: 4209/309

# EDITORIAL WELCOMES ENHANCED JAPAN ROLE IN PACIFIC

Sydney THE AUSTRALIAN in English 27-28 Dec 86 p 12

[Editorial: "Japan Has a Role in the Pacific"]

[Text]

IT is understandable that there should be apprehension in some quarters about the prospect of Japan assuming a more forceful role in the Pacific. Wartime memories die hard and suspicions aroused and cultivated by them are difficult to overcome.

Given the reality of heightened Soviet interest in the region, however, it would be wrong to do other than welcome signs that Tokyo is, possibly in concert with Australia, seeking to assert itself in the area, not just economically, but also politically and strategically.

Japan is the richest nation in the world. Its economic clout is huge, and in the Pacific rim, in particular, is of almost boundless potential. In simple terms it could, if it wanted, mobilise resources that would more than counter whatever blandishments countries in the region were receiving from the Kremlin, thereby pulling the rug from under many of Moscow's plans and ambitions.

As a hangover from World War II, however, it has not previously seemed to want to do this: it has, as always, been savvy in its purely commercial dealings with the region, but coy about seeking to exert any sort of concomitant political influence. Thus, despite the manifest strategic importance of the Pacific, the most economically accomplished and

potentially the most powerful country in the region has, in recent times, played no overt role in its defence.

There are, for the first time, signs that this is about to change, and that when the Foreign Minister, Mr Tadashi Kuranari, arrives in Canberra early in the New Year for talks with his counterpart, Mr Bill Hayden, plans will be mooted for Tokyo to enter the Pacific fray as a big player.

Mr Kuranari will go on from Canberra to New Zealand, Fiji, Vanuatu and Papua New Guinea, and the implication of this is that Tokyo is seeking to involve itself in the region to a degree it has not done since World War II.

## Plight

Mr Hayden should encourage Mr Kuranari in his endeavours and, where possible, co-ordinate them with Australia's own aims in the Pacific. For the Soviet Union, the way into the region has been cleared by the existence of impoverished States that cry out not for communism or Soviet hegemony, but simply for a helping economic hand.

Australia, to its great credit, has done as much as it can to help, despite its limited resources. But economic clout far greater than that which can be mobilised by Canberra is needed, and, given Washington's still skittish and frequently schizoid approach to

the region, there can, surely, be no greater reservoir of aid than that which could be proffered by Japan.

Take, for example, the plight of Mrs Corason Aquino's Government in the Philippines, the custodian of Subic Bay and Clark Airfield, two United States bases that are pivotal to the West's global defences: the Government in Manila espouses democracy and is perfectly decent, but without a big infusion of economic aid there can be no bets on its longer term survival.

Filipinos believed when the Marcos dictatorship was overthrown that their economic lot would improve. It hasn't. The communist insurgents, their principal objective being to oust the Americans from Subic Bay and Clark, are gaining more and more adherents not because of any particular affection for communism, but because Filipinos are tired of their impoverishment.

Japan, virtually alone, has the power to extract the Philippines from its economic morass and save the day for democracy.

Elsewhere in the Pacific, there are many similar situations: Vanuatu, for one, would hardly be talking with Moscow about a fishing deal worth a paltry \$2 million were it offered something better and more promising elsewhere.

Can there, however, be substantially increased Japanese economic aid to and involvement in the region without some sort of resumption of the militarisation that remains opposed by so many? This is the question that is central to all assessments of an increased role for Tokyo in the Pacific.

## Closeted

It is one that should not be shirked, and which should be dealt with quite openly in the debate that will inevitably surround the visit of Mr Kuranari. The starting point of any such discussion must surely be that, like Australia, Japan is a functioning

parliamentary democracy with an impeccable record since World War II. Moreover, there is every indication that the Japanese have learned the lessons of that war - something that is borne out by the fact that there remains, within the country, a considerable lobby that is bitterly opposed to rearmament.

In the face of the Soviet build-up in the region, it would be unreasonable to expect the Japanese to remain forever inert and closeted, and the growth of their own defence force must surely be regarded now as inevitable. There is simply no way in which the world can any longer reasonably expect Japan, with its unparalleled economic record, to be virtually alone in ignoring the pressing challenges of strategic balances and global powerplay.

It would, indeed, be self-defeating, for the free world needs Japan to play a full role in defending Western interests and Western values.

Australia's future lies unquestionably in the Pacific region. Geography has assured that. With Japan, it now has a coincidence of interests and values that could, if managed properly, ensure the economic and political uplifting of the region as a whole and, in so doing, buttress the influence of those working for democracy and freedom and against the introduction of Soviet hegemony.

That, surely, must be the objective of Mr Kuranari and Mr Hayden, and of their respective ministerial teams, as they sit down for their discussions in Canberra. Historical perspectives cannot be ignored, just as the reality of the communist offensive in the region cannot be ignored. There can be no more laudable vision than that of a Pacific region so prosperous that it would not fall prey to the ambitious men from Moscow, and if, in working towards this, Japan and Australia were able to act in concert, there can be no doubt that both countries, and the region as a whole, would benefit.



DAILY ANALYZES OPPOSITION FAILURES, OPPORTUNITIES

Melbourne THE AGE in English 29 Dec 86 p 11

[Editorial: "Opposition Ahead, But for How Long?"]

[Text]

**A**T one level Mr John Howard is right: 1986 has been a successful year for the Opposition. Its policies have received greater credence than probably even he expected, and the Government suffered badly through the unpopularity of some of its taxation decisions and as a result of significant deterioration in the economy. Mr Howard may be overstating matters a little when he claims that the Opposition has taken hold of the national political agenda, but the comfortable six per cent lead the coalition enjoys over Labor in opinion polls certainly adds weight to his sanguine assessment of the Opposition's community standing. But on another, more realistic, level, Mr Howard is wrong, and 1986 was a letdown for the Liberals and the National Party. Presented with some of the most useful political raw material an opposition could want, they failed to build anything enduring. Mr Howard and his forces are ahead in the polls, certainly, but what else would you expect after the collapse of the trade balance and the dollar, the imposition of the fringe benefits tax, real wage cuts, and the Government's main public relations men (Mr Keating and Mr Hawke) spending so many months either planning or selling the budget? If an opposition could not grab the public opinion lead in such circumstances, it would be no opposition at all.

Mr Howard has committed the coalition to expounding two principles in 1987 — incentive and the value of the family. These are extensions of the more general (but still important) principle of individual liberty on which Mr Howard based many of his early statements as Leader of the Opposition. With taxation policy adversely affecting families and the wages and tax debates focusing

increasingly on the need to reward incentive, Mr Howard is likely to find considerable public sympathy for his plans. These areas are worthy of attention, and it will be to the Government's great peril if it ignores their sensitivity and importance. But that is precisely the danger Mr Howard faces. As Opposition Leader, he can spot issues in advance and urge changes. Governments tend to react to pressure and make changes only when necessary. The industrial relations debate is a good example. Mr Howard has been preaching far-reaching deregulation of wage-fixing practices, and few disagreed that this was a desirable path to follow. The Government knew deregulation was unobtainable until economic pressure forced the unions to retreat. It was only when such pressure had put full wage indexation out of reach that the Government was able to introduce some additional flexibility to the labor market.

If Mr Howard is right, and the issues likely to dominate 1987 are the treatment of the family and the need to reward incentive, he may well find the Government adopting his policies in some form when it judges the time to be right. How long will the Opposition's popularity margin hold when the difference between the coalition's policies and those of the Government is becoming increasingly blurred? If the economy is improving, Mr Hawke and Mr Keating are able to take a higher profile and Mr Howard takes a few more hidings in Parliament (which seems to be the arena in which he is most vulnerable), the Opposition's standing would be expected to suffer harshly. The Government is regarded, even by Liberal analysts, as much stronger on personalities, and few would expect the Hawke/Keating combination to come off second best in a showdown with the Howard/Brown leadership. And the economy is widely tipped — by the OECD and CAI-Westpac more recently, for example — to grow more strongly in 1987, with a stronger dollar, lower inflation and interest rates



and a healthier current account. The fate of the Government is linked closely to the economy, and in an upswing, Mr Howard might find his policies of reform losing some of the glamor they had in the worst trading collapse for 50 years. Mr Howard has said before that he believes the mood will suit his policies. It did in 1986, but the odds look stacked against him and the coalition parties on the eve of 1987.

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CSO: 4200/309

# CANBERRA SEEN AS PEACE BROKER IN TRADE WAR

Sydney THE AUSTRALIAN in English 29 Dec 86 p 7

[Article by Julian Cribb]

[Text]

A WORLD WAR has been raging for almost two years now - fought not with nuclear missiles and supertoxins, but with vast armies of grain, ramparts of beef, butter and sugar, regiments of wine and oil and seemingly unending reinforcements of taxpayer dollars.

Like all wars it has had its casualties: countless family farms around the world are going to the wall. Tens of thousands of people in poorer nations are suffering increased misery and poverty.

Australia, as hard hit as any neutral country whose fields become a battleground for giant neighbours, is determined to put a stop to it. To drag the main protagonists, the US and the European Community (EC), to the negotiating table to talk disarmament.

That determination first emerged in the forging of the Far Trade in Agriculture alliance of 14 at Cairns, last August. The pact later blossomed into an influential force at the first round of GATT talks held in Punta del Este, Uruguay.

It was reinforced by a highly significant paper delivered to the recent US Agricultural Outlook conference by Australian Department of Primary Industry secretary Geoff Miller, under the title "The political economy of in-

ternational agricultural policy reform".

Suggestively, the paper received no wide release in Australia, indicating the Federal Government was using it as a stalking horse to test the willingness of the US and EC to enter a de-escalation of the trade war.

Like a nuclear conflict, the farm trade war is in reality a no-win situation for either of the major combatants.

Together it is costing them, directly and indirectly, \$200 million a year to sustain. Meanwhile, their stocks of surplus food continue to mount, their smaller family farmers go bankrupt and unemployment remains high in the wider community.

EC deputy director general of agriculture Peter Pooley, nicknamed "Europe's \$21 billion man" because of the sums he spends each year subsidising EC farmers, admitted on a recent visit to Australia: "We know we bloody well have to reform - whether there is external pressure to do so or not."

Pooley's problem is convincing his political masters of the urgency of the situation, when they have a tendency to see their electoral survival as a greater imperative.

The same position applies on the other side of the Atlantic, where the US administration under the urging of

figures such as Trade Secretary Clayton Yeutter and Secretary of State George Shultz has been trying to hold the line against demands from Congress and Senate for yet more farm subsidies.

US support for world trade reform was a key factor at Punta del Este and will continue to be paramount in bringing about a truce in the agricultural arms race. Europe was rather more equivocal.

However, Australian Minister for Trade John Dawkins saw the GATT development as "a circuit-breaker" and a prelude to "peace talks".

In his paper, Australia's Geoff Miller bluntly stated: "World agriculture has reached a crisis that is unparalleled since the Great Depression."

"The costs of farm support have reached astronomical levels, yet farmers' financial stress remains serious."

"Prices of farm commodities in world markets are at bargain basement levels, yet consumer demand is stagnant. Surplus stocks have risen to unprecedented heights, yet current production is still running above market requirements."

The effect has been to heighten global tensions and lead to international political disharmony, he says.

The Miller proposal calls for World Agriculture Accord and is founded on 10 elements:

**RECOGNITION** that price and income support policies and trade barriers are at the heart of the problem, and of the need to narrow the price adjustment gap.

**SWITCHING** spending to offset the internal consequences of lower farm prices.

**FARM** adjustment programs to manage the rate of the farmer exodus.

**DEVELOPMENT** programs aimed at improving farm efficiency and productivity.

**CONSERVATION** programs to protect soil and water resources.

**INCENTIVES** to maintain and preserve aesthetic and lifestyle aspects of rural areas.

**CONTRACTS** between nations which preserve food security.

**WELFARE** payments in lump sums to farmers while the adjustment process is going on.

**TRANSITORY** supply control measures to check overproduction.

**QUARANTINING** of existing stocks from the market to remove their depressing effect on prices.

"If a process of change in these broad directions could be set in train, it would probably gather its own momentum," Miller believes.

"However, it is important that some principles for the operation of domestic programs be agreed internationally and that some permanent changes be negotiated in international trade rules."

While these points are not necessarily those on which Australia will be going in to bat early in 1987 in international talks, it is not difficult to imagine they may well provide a framework for the overall approach.

The crunch point will be the degree to which the farm

trade majors, the US, EC and to a considerable degree Japan, also are willing to take them on board.

There has been a tendency in the past for these nations to deny pointblank their policies are inconveniencing anybody and to rebuff previous Australian approaches with criticism of our own internal protection, especially in manufactured goods and some smaller farm products.

The credibility of Australia's arguments, and the extent to which they are well received by the US and EC, will to a large extent rest on our being able to demonstrate preparedness on our own side to lower protective barriers for both agricultural and manufactured products, and not enter the subsidy game too.

For example, Australia maintains high protective barriers against the import of citrus, sugar and other farm commodities, is involved in some cross-subsidising on dairy exports, and will next year probably be making a large government payout to wheatgrowers to cushion the price slump.

Under the Wheat Marketing Act, the Government agrees to give wheatfarmers a guaranteed minimum price for their wheat, which only allows for a 15 per cent drop in the price in any given year. Next year could see a payment to growers of anywhere up to \$200 million due to the world price drop.

Undoubtedly Australia's critics in the US and EC will fasten on this payment as evidence we are not immune from farm trade hypocrisy ourselves.

The strongest card in Australia's hand rests with the increasing awareness of both the EC and US that to continue existing policies is a one-way ticket to trouble on a range of fronts — not least with their own consumers

and taxpayers who are funding their farm excesses at an average cost per family of \$800 a year.

A number of actions are being taken to foster this awareness. The first is the establishment in Washington of a stronger farm trade listening post aimed at identifying and mounting a counter-lobby to actions by the Congress which might prove damaging.

The second is the commissioning of global studies aimed at identifying the true internal costs of heavy farm support — in terms of such factors as jobs lost in the wider community, higher consumer prices, heavier tax burdens and the like. This follows in the footsteps of the Bureau of Agricultural Economics' so-called Red Book.

Meanwhile, the US will argue that it has already put in place policies aimed at reducing farm subsidies and restraining production in its 1986 Farm Bill.

The EC only recently has announced moves to hew into its burgeoning mountains of butter and beef by lowering farm quotas and price supports.

On both sides there has been expressions that other countries, including Australia, must be prepared to take parallel action to lower the global overproduction — and any fresh approaches we put forward may well be subject to this test of bona fides.

But while the word accord has come to have rather a hackneyed meaning in Australia, it is hard to escape the conclusion that it is nevertheless likely to prove the most effective weapon in the armoury of those nations who earnestly seek an end to the world farm trade war.

And if Australia can elude the charge of double standards, it has the opportunity to act in a statesmanlike manner on the world stage as a peace broker.

EDITORIAL URGES MEMORY OF USSR, SRV INVASIONS

Sydney THE AUSTRALIAN in English 29 Dec 86 p 6

[Editorial: "Invasions Not Forgotten"]

[Text]

AMID the joy of Christmas and the hope for the New Year, there are, each December, two anniversaries that should not be forgotten.

The one recalls that freezing morning, seven years ago, when Soviet armoured columns raced south through the Salang Pass into the heart of Afghanistan, installing in office the toadying Mr Babrak Karmal and giving a dangerous new dimension to the Brezhnev Doctrine.

The other commemorates the day eight years ago, when Vietnam, at Moscow's behest, invaded Kampuchea, installing in power in Phnom Penh a regime that was as servile as that of Mr Karmal in serving the interests of Soviet hegemony.

This year, both anniversaries take place in the context of heightened expectations stemming from the accession to power of Mr Mikhail Gorbachev, and for once, especially in relation to Afghanistan, there are indications that the new Soviet leader is embarked upon a new tack that purports to be significantly different from that of his predecessors.

Mr Karmal has been unceremoniously dumped and replaced as communist party leader by the more pragmatic General Najibullah. A non-communist has assumed the ceremonial role of president. The thrust of Soviet policy, as articulated by Mr Gorbachev at Vladivostock, is reconciliation, and, having referred to Afghanistan as

Moscow's "bleeding wound", he has withdrawn a few units.

It is easy, and perhaps right, to take a cynical view of Mr Gorbachev's new-found empathy for the cause of Afghanistan's national integrity. But it would be wrong to be deluded by it. What the changed Soviet policy amounts to is, in a word, failure.

Try as they have done to assert their control over the country, Moscow's soldiers have simply not been able to suppress the Islamic Mujahideen. When Mr Gorbachev talks about "bleeding", he is right: Afghanistan has turned out to be a nightmare for Moscow.

The world must go on supporting the Mujahideen and making life as uncomfortable as possible for the Soviets in Afghanistan.

There were indications at Vladivostock that in seeking new friendships in Asia, Mr Gorbachev may be willing to lean on Vietnam over its occupation of Kampuchea. Thus far, there has been little sign of Moscow doing so, and that is why, as the people of Afghanistan enter another year of struggle against the Soviet occupation, the world must remain resolute in its support of them.

There must be no decrease in its condemnation of the Kremlin, no concession to Mr Gorbachev's purported conciliation, for only in this way will the Soviet Union and its client States be made to understand that invasion does not pay.

## GRAIN CROP 'CRISIS' PROMPTS AID APPEAL

Sydney THE AUSTRALIAN in English 26 Dec 86 p 3

[Article by Julian Cribb]

[Text]

THE president of the Grains Council of Australia, Mr Mick Charles, has called on the Federal Government to take urgent action over the worsening debt crisis in the grains industry.

Mr Charles said the outlook for many farmers over Christmas and New Year was particularly bleak, with returns falling more than 20 per cent on last year.

The situation had been compounded by reports of disappointing crops in many districts of the eastern States because of moisture stress, frost damage and disease, he said.

The typical wheat farm last year posted a loss of \$7500. This was expected to increase in 1987.

The average farm also carried a debt load of \$82,000 - more than three times the average for the farm sector as a whole - and this had also worsened. One in 10 wheat farms was at risk of bankruptcy, and this figure was expected to rise sharply by the end of the present harvest.

"Something must be done urgently to cushion the cash flow and debt problems of affected growers," Mr Charles said.

The Government's Rural Assistance Scheme (RAS) is insufficient to cope with the magnitude of the problem. The number of applications for assistance in NSW alone rose by more than 700 per cent in the 12 months to June 1986.

Mr Charles called on the Federal Government to take the initiative in calling a meeting of Government, the grains industry and the financial sector to examine ways of providing additional RAS funds and to give the States more flexibility in applying them.

## Signalled

His call echoes that of the Opposition's spokesman on primary industry, Mr Ralph Hunt, who recently proposed a national farm debt crisis meeting to be held early in January. This would develop a strategy for dealing with the growing debt problem before it got out of hand.

The Federal Government has recently signalled to farmer representatives that it is prepared to consider submissions for increased RAS funds early next year.

The Government has allocated \$34.4 million to subsidise interest rates on up to \$250

million in loans to affected farmers in 1986-87. Farm organisations believe it may be willing to consider earmarking a further \$10 million to expand the RAS pool by up to \$100 million.

The policy director of the NSW Farmers Association, Dr Gary Bond, said the amount allocated by the Government was slightly less than the \$34.6 million it would receive from farmers in repayment of RAS loans.

"The apparent recycling of farmers' moneys through RAS may be a coincidence - but it does imply RAS is effectively a redistribution of liquidity within the farming community that is neutral with respect to the rest of the economy," Mr Bond said.

"The deterioration of the farm sector outlook should make the Government think seriously about the adequacy of present RAS appropriations."

Supporting this argument, Mr Charles said the Canadian Government had recently outlined a \$1 billion "no strings attached" package of assistance for its wheat farmers, who are similarly affected by falling world grain prices

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CS0: 4200/309

# GRAIN SPOKESMAN ON REDUCING WHEAT CROP, TRADE IMPACT

Sydney THE AUSTRALIAN in English 27-28 Dec 86 p 6

[Article by Julian Cribb]

[Text]

REDUCED 1987 wheat plantings, arising out of the cash crisis in the grains industry, will aggravate Australia's sagging balance of trade.

The president of the Grains Council of Australia, Mr Mick Charles, yesterday said wheat growers in many regions were considering cutting plantings next year by up to 40 per cent.

This would mean an overall cut in production, given normal seasonal conditions, of 15 to 20 per cent. This would be the fourth consecutive year wheat acreage and production had declined.

Australian Bureau of Statistics figures show that during the past three years wheat cultivation has fallen from 12.9 million hectares to 11.4 million for the present crop, a reduction of 12 per cent.

Even if there were no further falls in world grain prices effected by burgeoning supplies and the US-EC subsidy war, the reduced plantings could prune up to \$300 million from national export income.

## Diversify

Mr Charles said that with heavy debts and high livestock prices, it was unlikely many growers would diversify into sheep or cattle. They would opt to take their less productive land out of production rather than incur the heavy costs of planting grain.

The likelihood of cuts in sow-

ings underlined the seriousness of the situation facing the wheat industry - once Australia's second largest export income-earner - and had implications for the national living standard.

"Wheat is critical to Australia's balance of trade performance," he said. "Because of economic pressures, it has had to contract. We would hope it would still be possible for it to come back stronger than ever but that depends on the response of the Federal Government to the industry's call for further adjustment assistance."

"The situation has quite tremendous ramifications for our trade position. We would hope the Government would recognise that and not let the industry bleed to death."

Mr Charles said the industry for many years had subsidised Australian consumers and was therefore deserving of some short-term assistance.

Governments had aided the wool and beef industries during previous severe downturns.

He believed a survey of the farm debt position, to be released next month, would confirm many farmers were in a worse position than thought.

There were also indications the trading banks would write-off more bad debts in 1987. Many of these were likely to be in agriculture.

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CSO: 4200/309



# GOVERNMENT AID DENIAL UPSETS RICE GROWERS

Sydney THE AUSTRALIAN in English 31 Dec 86 p 3

[Article by Julian Cribb]

[Text]

THE Australian rice industry has reacted with bitter disappointment to a Federal Government decision not to provide assistance to it for the 1986 and 1987 crops.

The president of the Rice Growers Association of Australia, Mr Ian Douglas, said growers had been depending on the Government to provide underwriting support for the next two crops.

He warned that Australia stood to lose up to \$70 million in export earnings as growers would no longer have the confidence to sow the full area.

He also warned of the likely retrenchment of employees at the five remaining operational rice mills. One mill, at Yenda in NSW, had already closed.

The rice growers have expressed dismay at the Government's decision, which comes after the recommendation made to it in a recent Industries Assistance Commission (IAC) report, after the IAC findings had been criticised by the Minister for Primary Industry, Mr Kerin, in a speech at Wagga in November as "provocative in recommending against federal help for the ailing industry".

They accused Mr Kerin of doing an about-face on the issue in now supporting the IAC findings on the ground there would be no significant loss of resources from the industry.

"This is rubbish," Mr Douglas said.

"Lost export earnings, lost jobs for employees and lost rice farmers are surely resources."

He said the industry had only sought price underpinning as a short-term response to the United States quitting its rice stock in a hurry. At present US farmers received a subsidy of about \$190 a tonne from their Government with which Australian producers had to compete.

"We asked the Government for about \$15 million over two years in price underpinning, so as to prevent our resource base from being disseminated," he said.

In a recent study of the Australian rice industry the Bureau of Agricultural Economics (BAE) predicted that the average income a farm would slump from \$13,600 last year to below \$3400 in 1986-87.

The typical person working on a family rice farm would have an income of below \$2100.

The BAE indicated that the number of rice farms in Australia had fallen sharply over the past four years, from 1737 in 1983-84 to an estimated 1217 in the current year. The rate of return to capital had been negative over the past four years and this year would be minus 3.7 percent.

## Burden

The average rice farm carries a debt burden of \$89,000, equivalent to 17 per cent of its capital value. Land values had also fallen by about 12 per cent over the past year.

The BAE said that present US rice policies would be a dominant influence on the world market, and might result in America making sales at the expense of Australia.

US exports were expected to increase by 20 per cent this year and cause a drop of about 10 per cent in Australian export prices.

The BAE shared the IAC's view that no assistance ought to be provided for rice production on efficiency grounds, but felt there was a case for assistance to individual farmers on compassionate grounds.

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CSO: 4200/309

## DWINDLING OIL RESERVES POSE PROBLEMS, OPTIONS

Melbourne THE AGE in English 30 Dec 86 pp 17, 19

[Article by Peter Gill]

[Text]

**T**HE corner petrol station is about as close as most people get to the Australian oil industry. But behind the bowser lie a complex industry, a looming economic problem and some crucial Government decisions.

Nineteen eighty-six was the year the Federal Government appreciated that the oil industry, a milch cow for the past decade, suddenly could not come up with more than 6 per cent of total Government revenue — \$4000 million in 1985-86 — when oil prices plunged.

That realisation required a couple of quick budgetary decisions. The switch was made from collecting a portion of the petroleum revenue from the crude oil producers, essentially BHP and Esso Australia, to the petrol pump. The peak petrol excise — 20.8 cents a litre in August brought minimal screams from the motorists (who didn't realise what was up) and the revenue problem was (temporarily) solved.

Crude oil levies are only expected to contribute \$1300 million in the current financial year, with the motorist and other fuel users kicking in \$3600 million — a turnabout from \$4000 million and \$2800 million respectively in 1985-86.

But a greater economic problem is imminent. Bass Strait, Australia's premier crude oil source, is drying up. It is a freak of nature and the prospects for more big oil discoveries in Australia are very low. The 1985 US Geological Survey rated Australia's prospectivity second-last out of 16 countries and thought another 1.8 billion barrels remained to be found. By contrast, the USSR could find another 42 billion barrels and the US about 26 billion barrels.

The rapidly declining self-sufficiency from the present 100 per cent production of the crude oil for petrol needs to about 40 per cent by the turn of

the century brings with it economic considerations and budget decisions.

These issues and their implications appear to have been lost on many people, both inside and outside government. A recent public survey, the details of which were disclosed by the Australian Petroleum Exploration Association, found that only 12 per cent of 2000 people surveyed thought there was a "severe shortage" of crude oil looming, although another 37 per cent anticipated a shortfall before 2000.

However, the Victorian Department of Industry, Technology and Resources has been trying to elevate the level of debate. Economic modelling work commissioned by the department from the National Institute of Economic and Industry Research in Melbourne has produced a disturbing outlook which should make policy makers sit up and take notice.

The research conducted by the Institute is based on the (realistic) assumption of a decline in self-sufficiency to 40 per cent by the year 2000 and prices firming to \$US27 a barrel over the same period. Prices were around \$US28 a barrel earlier this year before the crunch which has seen prices settle around \$US15 a barrel.

It analyses the possible policy responses to the annual addition of between \$3000 million (at current prices) and \$7000 million (at \$US28 a barrel) to the import side of the balance of payments ledger as Australia turns to foreign sources for its crude oil needs.

The department considers two possible policy responses. It says a full exchange-rate response — allowing the value of the \$A to fall in response to the deterioration in the balance of payments with the resulting increased competitiveness of Australian industry providing offsetting benefits — is not an option.

"Given the current position of the Aus-



tralian economy, particularly the precarious situation with Australia's balance of payments, and the outlook over the medium term, it is argued that it will not be possible to use the exchange rate as an adjustment mechanism," a department paper obtained by 'The Age' says.

The department says an alternative approach is a full fiscal policy response.

"To overcome revenue shortfalls and declining terms of trade brought about by declining levels of self-sufficiency, the Federal Government would be forced to introduce more contractionary monetary/fiscal measures in an attempt to correct the imbalance. The higher real income tax rates will have a dampening effect on economic activity and employment," the paper says.

In effect, the department is arguing that the Government will be faced with repeating its present approach to the balance of payments problem in dampening down domestic activity to slow the rate of imports and correct the current account imbalance. Support for the \$A through high interest rates is one aspect of this approach, which is curbing investment growth.

The institute's analysis suggests that a full fiscal response would result in the following effects over the rest of this century.

- A decline in gross domestic product by the year 2000 of 3.9 per cent, or \$7.7 billion in 1979-80 prices.

- A fall in employment of 225,000 and an increase in unemployment of 1.4 per cent.

- A fall in manufacturing output of \$2.8 billion in 1979-80 prices.

- A decline in nominal wage rates of \$24 a week.

"The figures are indicative, but they illustrate the severity of the impacts on output, employment and living standards if we do not overcome the crude oil gap," the department says.

The department says two points can be made from its analysis. "The first is that the impact on our living standards of the crude oil gap over the next 15 years depends on how well we manage the necessary adjustments. The second conclusion is that if we do nothing and just let the adjustments happen by, for example, a declining exchange rate through higher oil imports, the adjustments will be more painful and drawn out than they need to be."

The department says a number of measures to accommodate the widening crude oil gap need to be considered. It says a high level of exploration should be maintained and says: "We (governments) should not let our current fiscal restraints override the necessity to maintain encouragement for a high level of exploration."

It also says the transition from traditional transport fuels to products like liq-

uified petroleum gas and compressed natural gas should become a national priority.

The question of how to deal with declining self-sufficiency appears, to date, not to have aroused much activity in Canberra. Bass Strait has been regarded as an endless reservoir of refinery feedstock and Government revenue. The focus has always been on the next budget.

At the Energy 2000 conference in September, initiated by the Minister for Resources and Energy, Senator Evans, the self-sufficiency argument was aired at length. It was generally agreed that artificial support for any particular self-sufficiency goal should not be pursued and only a level of self-sufficiency resulting from an efficient allocation of resources should be the aim.

Senator Evans made the point that research conducted by the recently formed Bureau of Resource Economics has determined that Australia will still have a trade surplus in energy by the year 2000 of at least 1 per cent of GDP even with a low discovery, low oil self-sufficiency outcome.

However, this outlook would be a decline from the 1985-86 surplus on the energy account — petroleum, coal and uranium sales — of \$8.3 billion, or 2.7 per cent of GDP.

It would also not allow the benefit of \$2 billion a year of liquefied natural gas exports from the North West Shelf venture in the 1990s or an expansion of coal and uranium sales to flow through to the present balance of payments deficit.

A subsequent meeting of state and federal energy ministers formed a working party on self-sufficiency.

The self-sufficiency argument underpins much of the debate about taxation of the petroleum sector. Part of the industry's argument is that discriminatory taxation through oil levies, resource rent tax, and cash bidding for permit awards, is curtailing the exploration which is needed to enhance discovery prospects.

On the exploration front, 1986 is likely to go down as the worst performance since 1980, with the price crunch in March-April taking its toll on drilling programs and employment. About 4000 exploration industry jobs are estimated to have been lost in 1986. Record drilling in 1985 of 228 onshore wells and 36 offshore wells is expected to have dropped to 107 onshore and 29 offshore wells by the year's end. The outlook for 1987 is for further decline.

The industry is not looking for Government handouts but wants

to be put on the same basis as any other industry — it is happy to pay company tax and royalties, but not the crude oil levy and other secondary taxation. A study by the Australian Institute of Petroleum put the marginal tax rate of old oil production at 91 per cent of the import parity price when the new company tax rate of 49 per cent is considered. On new discoveries it is about 70 per cent. In the case of old production, Australian taxation tops most major oil producing countries and sits mid-field for new discoveries.

In November, the two sides of the industry — explorers and refiners — proposed the scrapping of the crude oil levy, petroleum products excises and wholesale sales tax and their replacement with a 9.5 per cent consumption tax. The industry package claimed the non-inflationary package would reduce petrol prices by 15 cents a litre, although there would be a diminution of this advantage by the tax on other aspects of consumption.

The Prime Minister, Mr Hawke, knocked any prospect of a consumption tax on the head several days later, but the industry has about 300 pages of Industries Assistance Commission analysis on its side in saying that excises on petroleum products are too high and that the taxation of inputs in the manufacturing process is inefficient.

The Government has stuck firm to the levying of secondary taxation on the oil industry, with a key claim being that the community is entitled to its share of the profits from the exploitation of a diminishing national resource. It will be interesting to see how the Government rationalises its decision to not subject the gold industry even to company taxation.

The taxation issue is not only applicable to the future industry

but to the best exploitation of existing known reserves. It would appear to make little sense to tax the existing Bass Strait fields to such an extent that about 300 million barrels — nearly two years' supply for the Australian market — of known reserves could be left in the ground as uneconomic to recover.

At a minimum, a winding back of the tax regime as production costs rise, to preserve a reasonable rate of return would appear necessary. Production costs are rising as the Bass Strait fields age, with gas injection needed to promote crude lift and equipment required to handle the increasing quantity of water being recovered with crude.

The \$1000 million of development of small fields in Bass Strait, shelved because of the price crash, would be revived if there was favorable tax treatment.

The Government did drop the excise on old (discovered before 1975) oil production by 7 per cent from 87 per cent of the import parity price, but only after it was faced with nearly half of Bass Strait production being shut in because it was uneconomical.

It has also imposed a moratorium on excise on new onshore discoveries but this, and the reduction of the 87 per cent rate, are subject to review when oil prices rise.

The self-sufficiency debate is just starting to enter the public domain and will demand increasing attention over the balance of this decade. However, the policy changes required to accommodate a changed energy outlook will have to be made by governments. To date, the Federal Government has had trouble divorcing the merits of various arguments from its need for revenue.

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CSO: 4200/309

VOPB NOTES PEOPLE'S ARMY VICTORIES IN PANG-YANG

BK151311 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT  
15 Jan 87

[Text] On (?17 December), military government mercenary troops launched an offensive against People's Army units stationed at (Yong Hkam), near Pang-yang, east of Salween River. In the counterattack by the People's Army units, three enemy soldiers, including 1 enemy lieutenant, were killed and two others, including a lieutenant, were wounded. The People's Army also captured (?weapons) from the enemy.

On 21 December, enemy soldiers from the military government's mercenary 77th Light Infantry Division who had come to attack the Pang-yang liberated area were repulsed by the People's Army. The enemy soldiers were chased and annihilated. According to incomplete reports, 14 enemy soldiers from the mercenary 104th Light Infantry Regiment were killed and more than 70 others, including the deputy regimental commander and 2 other officers, were wounded in this campaign.

Captured from the enemy were 1 (?collapsible) mortar, 13 shells for that mortar, 13 assorted weapons, over 2,000 rounds of ammunition, 30 60-mm mortar shells, 4 90-mm bazooka shells, and 6 [word indistinct] shells.

On 29 December, People's Army units ambushed the enemy troops who were attempting to set up camp at (Ho-ta) near Pang-yang. According to incomplete reports, 26 bodies of enemy soldiers were found at the battle-field and over 70 enemy soldiers, including the deputy regimental commander, were wounded. The People's Army also captured a 75-mm howitzer, 5 assorted weapons, over 10,000 rounds of small arms ammunition, 16 75-mm howitzer shells, 11 80-mm mortar shells, 7 M-79 shells, 27 2-inch mortar shells, 16 (?explosive) shells, 41 grenades, 1 power generator, over 50 knapsacks, documents, and a large quantity of military supplies.

Mine and Guerrilla Warfare:

Between 16 and 30 December, mine warfare waged behind enemy lines by People's Army units in Pang-yang region resulted in more than 10 enemy soldiers being killed or wounded. Guerrilla warfare in the region also killed or wounded some 10 enemy soldiers.

On 1 January, a People's Army unit counterattacked the military government mercenary units who had come to attack (?Ho-lan) hill, southwest of liberated Mong Mao region. According to incomplete reports, three enemy soldiers were killed and many others were wounded in this campaign. Moreover, 2,180 rounds of G-3 ammunition, 5 M-79 shells, 7 2-inch mortar shells, 3 [word indistinct] shells, 3 grenades, and other military supplies were also captured in this campaign.

Combat news of the Shan State Army [SSA]:

On 4 December 1986, an attack by an SSA unit on the enemy soldiers from the military government's mercenary (?39th) Infantry Regiment near (Pang Yin) village, Nawngghka region in central Shan State, resulted in five enemy soldiers being killed and six others, including a sub-lieutenant, being wounded.

Also on 16 December, an attack by an SSA unit on the military government mercenary 67th Infantry Regiment at (?Wan Hsak) near Mong Yai resulted in seven enemy soldiers being killed and five others wounded. The enemy soldiers fled. It was learned that the SSA captured 15 knapsacks, 3 2-inch mortar shells, 12 M-79 shells, and other military supplies.

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CSO: 4211/22

VOPB ON GOVERNMENT PROBLEMS, ARMY OFFENSIVE

BK191202 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT  
18 Jan 87

[Unattributed "Article": "The Burma Socialist Program Military Clique Will Not Be Able To Escape From Its Difficulties by Accelerating the Civil War"]

[Text] The one-party dictatorship Burma Socialist Program (BSP)-military clique, (which has survived from one crisis to the other), is today besieged by unprecedented difficulties of all kinds. The difficulties are indeed wideranging, extending from the economic, political, social, military, to other fields.

In all the years since 1948, Burma has never been as impoverished as today, as it is undergoing its worst economic crisis. Today, foreign and local debts are at a record level, foreign exchange reserves and imports are at their lowest, the debt servicing ratio is the highest, and the number of pernicious deeds perpetrated by the military government is also at a record high. Economically, Burma's reputation in the world has never been as bad before. It has joined the list of bad-risk nations in the books of the World Bank, International Monetary Fund, and other international financial institutions. Overseas firms and companies have all but lost interest in either extending loans or making investments in Burma.

In recent times, the military government has also been having problems with its own grandmasters--the international monopoly capitalists, including the Japanese monopoly capitalists. Under such conditions, the military clique has been forced to reduce imports and investments at home and lower its yearly economic growth rate in a similar way as [words indistinct]. In light of such economic difficulties, the people [words indistinct] the problem of inflation and scarcity of goods. People's lives are also affected by unemployment, [words indistinct] education, and the rising number of crimes. The (?proof of these facts) is the rising number of reports of crimes and overfilled police lockups and prisons in the military government newspapers. In the rural areas, peasants are constantly under the threat of the military government authorities--at a time when they are preparing land for farming and while cultivating, harvesting, and selling their crops. Compared to the present, the only time that living conditions were worse for the people was during the Second World War.



The dislike for the military government is naturally increasing as people face greater difficulties and problems. With each passing day, conditions are growing for mass uprisings in both urban and rural areas. There (?has been unrest) in the densely-populated cities while peasants in rural areas resist rural authorities in every possible way [words indistinct].

While dissent grows among the masses in the non-liberated areas, attempts to step up the unity of the armed revolutionary forces that are fighting the military government are diversifying. From the decades of experience in fighting successive reactionary governments, many among the armed revolutionary forces are realizing that unity among themselves is strength. In contrast to this, political hardships and antagonism are growing deeper within the ruling military clique. Factions within this clique are trying to entrench themselves and recruiting supporters for the (?final showdown). Even the top boss of the military clique (?does not feel safe). The factional struggles within the military clique [words indistinct] the people. Because of this, local and foreign political observers feel that the military government cannot find a loophole out of the present political, social, and economic difficulties. In fact, it is not only the military clique that cannot extricate itself from the mess, it is also (?its masters) who cannot help the clique out.

The military government is resorting to war with a hope of freeing itself from the all-around difficulties and the threat of mass uprisings. (?Ignoring the impoverished condition of the country), the military government has intensified the very costly civil war to gain breathing space. The military government's selfish and (?uncaring) attitude is evident from this act. Today, there are between 30 and 35 mobile regiments in the Shan State alone, excluding the troops based there, and all of them are directed at an offensive against the People's Army. The Burma Communist Party [BCP], the People's Army, and the people will [words indistinct] respond to this with the strategy and tactics of the people's war. The strategy of the people's war is no secret. At a time when the enemy strength is greater, like the present, the People's Army will (?mainly resort to guerrilla warfare) and avoid adopting positional warfare and confrontation [words indistinct]. It has been openly declared since the launching of the armed struggle that the main objective of the People's Army is to find the enemy's weak spot and to annihilate his fighting strength.

(?The enemy wants to win) and we, the People's Army, want to annihilate the enemy's fighting forces as much as possible. That is the difference in the military objective and the tactics between us and the enemy. We can change the ratio of strength between us and the enemy only by annihilating many of the enemy's combat forces, and then, ultimately, we will be able to regain the territory lost to the enemy. The People's Army fought according to these combat principles and annihilated the military government's mercenary forces during this dry season as follows:

Although we cannot as yet give a full account for different reasons, we are presenting this comprehensive battle report for the people's pleasure.

From eastern Keng Tung region: In about a month, between (?28 September) and 29 October, 81 enemy soldiers were killed, 120 were wounded, and 1 was taken prisoner. Thus a total of 202 enemy soldiers were put out of action. We captured 1 heavy weapon and 60 small arms.

Between (?22 December) and [words indistinct], a total of (?85) enemy soldiers were put out of action--(?12) enemy soldiers were killed and (?73) others were wounded--in (Ho Nan Tawng) area, east of Mong Yang.

In just one battle fought in southern Shan State on 18 December, 28 enemy soldiers, including 2 majors were killed, (?10) others were wounded, and 1 was taken prisoner. We also captured five weapons from the enemy.

Pang-yang Region, east of Salween: In 3 weeks, between (?17) December and [date indistinct] January, 51 enemy soldiers were killed and 221 others were wounded. Thus a total of 272 enemy soldiers were put out of action. We also captured 1 howitzer and (?25) weapons from the enemy.

(?Kutkai) Region, northern Shan State: In 47 days, between 16 November 1986 and 1 January, 386 enemy soldiers, including mercenary Captain (Kyaw Kyaw), were killed and 864 others were wounded. Thus a total of 1,250 enemy soldiers were put out of action. One enemy plane was shot down, and another plane was also hit during this campaign. We also captured more than 100 weapons, including 5 heavy weapons.

Our allied forces from the Kachin Independence Army also joined in the campaign in (?Kutkai) region.

Thus, in sum, up to (?1) January the People's Army has put out of action a total of almost (?1,850) enemy soldiers, killing 558 military government mercenary soldiers, hounding (?1,280) others, and taking 2 prisoners in Shan State. According to incomplete reports, we also captured about 200 weapons, including 7 heavy weapons, and tens of thousand rounds of ammunition, and a large quantity of military supplies, including [words indistinct]. Many (?motorvehicles) were also destroyed.

Also in December 1986, the Shan State Army killed 14 enemy soldiers, wounded 11 others and took 3 prisoners. It also captured three assorted weapons.

From the facts stated above, it is evident that the 1-party dictatorship BSP-military government is squandering a large sum of people's funds and sacrificing the lives of mercenary soldiers in order to make the people lose track of the difficulties they are facing. However, it will soon become apparent that such a reactionary attempt to escape from difficulties will only lead to greater problems for the military clique.

The BCP, the People's Army, the people, and the allied organizations will become ever more united and effectively counter the reactionary offensive. They will strive to become a stronger force annihilating the combat forces of the enemy. They will correctly integrate such military maneuvers with

all other forms of struggle (?and enable) the people to smash the main culprit behind the civil army--the military clique. The military clique leaders who tried to find an escape from the difficulties by squandering the people's funds, sacrificing many lives, and intensifying the civil war will not only fail in that attempt but also in the attempt to prevent the military clique from its certain downfall.

The BCP and the People's Army will stand together with the people of all nationalities and resolutely and strongly wage the (?just) war to defend themselves.

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CSO: 4211/22



BCP POLITICAL REPORT REVIEWS AGRICULTURE SECTOR

BK111415 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT  
11 Jan 87

["Continuation of the Political Report of the Burma Communist Party Central Committee presented at the Third National Party Congress"]

[Text] Regarding the situation of the productive forces in the agriculture sector, it was learned that there were 4,150 tractors in use and 150 spare tractors in 1983-84. These tractors were used to plow just over 1.1 million acres. The actual farming acreage in that period was, however, more than 24 million acres. Thus, on a countrywide scale, the utilization of modern machinery in agriculture is relatively minimal as more than 98 percent of the farm workers continue to mainly use draft animals, plows, tillers, knives, hoes, and spades--a method that has been in use for over 1,000 years. Thus, it is apparent that the productive forces, particularly the production facilities, are still very backward in the agriculture sector.

In the colonial era, peasants who sold agricultural produce were exploited by the landlords and traders at home and by the big monopoly capitalists who controlled both the local and overseas markets. During the Anti-Fascist People's Freedom League era, peasants suffered not only under the exploitation of feudal-landlords at home but also under the joint exploitative schemes of the local bureaucrat capitalists and the foreign monopoly capitalists. [sentence indistinct] In 1953, the price of agricultural crops offered to farmers was only 26.5 percent of the prevailing world market price. Under the military government, paddy belonging to the peasants is being looted by the councils at different levels through the paddy-buying depots of the military government. Since bureaucrat capitalism has fully developed, and because of its manipulation and exploitation (?in Burma), the peasantry greatly suffers under the exploitation of feudal-landlordism as well as under the harsh and merciless exploitation of bureaucrat capitalism.

In 1981-82, peasants were paid only (?22.46) percent of the world market price for the Ngasein rice variety and only (?29.61) percent of the world price for the Emata rice variety. It is therefore obvious that the military government exploits the peasantry to overcome its enormous trade problems and promotes bureaucrat capitalism in the interests of (?that class).

[VOPB says the continuation of the Political Report of the Burma Communist Party Central Committee will be broadcast in upcoming programs.]

## BURMA

### BRIEFS

DANISH ENVOY PRESENTS CREDENTIALS--Mr Frederik Otto Liebe Kier, newly accredited ambassador of Denmark to Burma, presented his credentials to U San Yu, president of the Socialist Republic of the Union of Burma, at the Credentials Hall in the People's Assembly building at 0930 today. Also present at the meeting were Colonel Aung Myint Baw, director general of the President's Office, and U Aung Thant, director general of the Foreign Ministry's Protocol Department. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 7 Jan 87 BK] /12858

CSO: 4211/22

RETURN OF COMMUNIST CADRES FROM E. EUROPE DETECTED

BK261436 Jakarta KOMPAS in Indonesian 21 Jan 87 pp 1, 12

[Excerpts] Jakarta, KOMPAS--Armed Forces Commander General Murdani says any setback, wherever and how minor, to the New Order government in the upcoming general election must not take place. If such a thing occurs, it will affect the political image of the New Order government. However, he also pointed out that a total victory by the New Order and an absence of voters for other election contestants are not favorable to the New Order, either. The armed forces commander was addressing a working conference of governors, district chiefs, and city mayors from various parts of the country in Jakarta on Tuesday [20 January].

The armed forces commander also briefed the participants of the conference on various threats the country is facing. The first threat comes from remnants of the outlawed Communist Party of Indonesia [PKI]. He said: "Up to now, there is no evidence that the PKI has been revived but facts have shown that the banned party is making efforts for a comeback". This can be seen from the fact that some young leaders of PKI have quietly slipped back into the country from East Europe and some of them have been arrested. There have been efforts to smuggle into the country various communist propaganda materials, including a brochure entitled "TEKAD RAKYAT" [People's Determination]. He noted that in any 3-month period, such propaganda materials which the PKI remnants have been trying to smuggle in could reach as much as 9 tonnes.

The second threat comes from groups that want to replace the Pancasila state ideology with religious laws. These groups have shown their activities in various parts of the country even though the authorities are not sure whether recent events in different parts of the country are centrally coordinated.

The third threat consisted of liberal-minded Indonesians, who believe they can do anything they like. Such an attitude is not in conformity with the Pancasila state ideology.

/6662

CSO: 4213/42

## IMPACT OF 1987/88 DRAFT BUDGET ON ECONOMY VIEWED

Jakarta BUSINESS NEWS in English 9 Jan 87 p 2

[Text]

In general, the public with a realistic mind warmly welcome the Draft State Budget (RAPBN) for 1987/88. But there are always certain circles who prefer to see an expansive state budget, which can release the economy from the grip of recession through (bigger) government expenditures. However, they do not belong to the main stream.

It has generally been widely realised that only with the amount of spending alone the government budget cannot improve the economic situation, unless this is supported by real resources. Printing rupiah banknotes does not imply creating real resources. The consequences of deficit spending are only high inflation, devaluation, setbacks in savings and investments.

Restructuring has been Indonesia's economic problem since 1982, viz. the adjustment of production, trade, investments, etc. to new realities.

The business sector in general welcomes RAPBN-1987/88 with relief, though this budget will not bring fortunes to this business community. But what is "pledged" by the RAPBN is stability. It means that the spectre of devaluation may leave. Foreign capital, especially from Japan, can hopefully be encouraged about the economic prospect in Indonesia. What foreign investors fear most is successive measures of devaluation, because such economic crises have reduced the rate of return of their investments. Foreign banks will also have less worries about lending their money to Indonesia, because this RAPBN-1987/88 for them serves as additional proof of the Indonesian government's fiscal responsibility.

However, RAPBN-1987/88 eventually serves more as an eliminator of economic disasters (e.g. payments crises and devaluation), rather than a

main instrument to stimulate economic recovery. What can again set the economy in motion is successful promotion of efficiency and productivity of companies, as well as increased non-oil/gas exports and new investments in the private sector. If the international economic cycle improves, this will also be very helpful.

Will the state budget (APBN) for 1987/88 later help increase economic growth? It will not do so in itself and directly. But it may help indirectly.

If the level of APBN-1987/88 in real terms is slightly lower than the realisation of APBN-1986/87, the effect will be contractive in nature. But if the oil price increase persists and exceeds US\$ 3 per barrel, it is likely that the effect of realisation of APBN-1987/88 will give the economy a slight boost. However, it is safe to predict that the (direct) impact on economic growth is neutral.

Hence what can indirectly boost or stimulate economic growth is government policies in areas outside the fiscal sphere. These are: the monetary policy (viz. how the central bank regulates money supply, interest rates and exchange rates), the credit policy (also by the central bank), the policy on trade and trading procedures (e.g. deregulation in imports and exports in a serious way), the policy on the granting of incentives to private investments (including the licensing policy), etc. The most important is the deregulation policy, which has been re-emphasized by the President and is now only awaiting its implementation.

How about the prospect of the inflation rate in 1987/88? APBN-1987/88 will not have an inflationary impact, unless the oil price rises considerably and the government feels obligated to greatly increase its expenditures. If additional oil fortunes are registered, the other alternative is to reduce new debts for the budget or to cover current account deficits in the balance of payments. Let us hope that the government will also be conservative if these extra funds are really received. An inflationary impact can still come from the monetary and credit policy. As a policy target it is better to be strictly alert against inflation, for instance, to prevent it from exceeding 8% per annum. This annual rate of 8% is equal to a swap rate. Since there will still be price and tariff hikes in 1987 as a follow-up and consequence of the devaluation, it will not be easy to maintain this level of inflation. Overseas inflation will be very slight, only a small percentage annually.

There is another fear besides the spectre of devaluation, i.e. the fear of reduced freedom of the foreign exchange regime. Can RAPBN-1987/88 alleviate this ? It cannot do so in itself. Only if the worried community can interpret this RAPBN that the government will not be facing any foreign exchange shortage will this anxiety be gradually removed.

/9274

CS01 4200/298

# SUDOMO REVIEWS 1986 EMPLOYMENT SITUATION

Jakarta ANTARA NEWS BULLETIN in English 29 Dec 86 pp A10, A11

[Text] Jakarta, 28 Dec (ANTARA)—The situation of employment in the country in 1986 is discouraging, although it remains under control thanks to the implementation of Pancasila Industrial Relations (HIP), Manpower Minister Soedomo said here Saturday.

In a yearend explanation, Minister Soedomo pointed out investments for government projects and those run by the private sectors were difficult to increase, affecting seriously the efforts to expand job opportunities for 3.2 million job seekers.

However, Soedomo said, despite the gloomy economic situation, some 955,500 jobseekers could be absorbed by various fields in 1986.

Two factors determine the employment, notably the economic development and the growth of the work force, Soedomo pointed out.

Today, the economy is facing difficulties and the high population growth in turn raises the number of job seekers.

During 1986, the investment in various government projects slowed down as the result of the drop in the price of oil and the weakness of the nonoil commodity exports. And the investment in the private sector also declined. Up to November 1986, PMA projects stood at only 73 projects worth U.S.\$731.9 million as compared to 81 projects valued at U.S.\$852.00 million in 1985.

This situation showed a decline by 9.9 percent in the number of projects and by 14.1 percent in the investment value which affected the efforts to provide job opportunities for 1.86 million workers every year.

## Various Policies

Minister Soedomo went on to say that the government has taken various policies such as the elimination of SIAP (undisbursed projects lists) in the development budget, the adoption of May 5, package, the rupiah devaluation and the October 25, 1986 package.

The country's small scale industries are also encouraged and developed to absorb lots of job seekers.

The step was taken seeing the fact that in 1986 only, of the 9,275,864 companies registered, 98.13 percent are informal sectors and absorbed 81.13 percent of the entire workers that totalled 68.9 million persons.

The informal sectors turned out to be less affected by the world economic recession, Soedomo asserted.

In the formal sectors, the efforts to enhance employment are among others by freeing companies from the obligation to possess licenses for employing expatriates who are under a business visit.

According to Minister Soedomo, the things achieved in the field of employment during 1986 are the drop in the number of the use of expatriates from 22,087 in 1985 to 19,964 in 1986.

The sending of workers abroad declined by 20.57 percent from 54,769 persons in 1985 to 43,502 in 1986.

Strike cases also declined by six percent from 78 cases in 1985 to 73 cases in 1986.

The severance of work relations (PHK) in 1986 stood at 3,985 cases, a drop of 53 percent if compared with that of the previous year which involved 29,239 employees.

To cope with the PHK problems, a skill transfer program through Astek (workers insurance) fund and training centres has been prepared.

Compared with that of in 1985, minimum wage in 1986 increased by about 13 percent with the lowest wage in Yogyakarta (Rp 450.00/day) and the highest on the Batam island (Rp2,000.00/day).

During 1986, about 16,509 companies joined the Astek company with 2,528,647 permanent workers and 2,500,000 daily labourers, or an increase by 13.6 percent.

The manpower minister on the occasion stressed that to solve the employment problems, the efforts should continue to be made in 1987.

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CSO: 4200/298



NES TO BE DEVELOPED IN SUMATRA TRANSMIGRATION SITES

Jakarta ANTARA NEWS BULLETIN in English 1 Jan 87 pp A5, A6

[Text] Medan, 31 Dec (ANTARA)--Nucleus Estates for Smallholders (NES) projects covering the development of plantations as well as livestock and fish breeding are currently being handled in transmigration centres in South Tapanuli, North Sumatra.

South Tapanuli Regent Abdul Rasyid Nasution said here recently, that besides the development of the NEC projects, the North Sumatra administration would also expand resettlement centres found in the province to accommodate 12,000 more migrant families.

The South Tapanuli regency, which covers about 25.6% of the North Sumatra land territories, will receive most transmigrants to be resettled in the province.

Of the 16,000 families to be resettled in North Sumatra, some 12,000 will be accommodated in South Tapanuli, including 1,560 families which have occupied resettlement centres in the regency.

To boost economic growth in South Tapanuli, which spreads along the western coast of North Sumatra, it is necessary to expand transmigration projects in the regency, the regent said.

The development of the transmigration program in the regency is undertaken by implementing a new system related to the handling of NES projects.

The implementation of the new system is expected to stimulate the development of other sectors in the region, the regent explained. Abdul Rasyid expressed confidence that the world economic recession would not affect seriously the economy of the region.

In this context, he pointed out that income of the regency in 1985 showed an increase. Its income stood at Rp 1 billion in 1985 and rose to Rp 2.75 billion in 1986.

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CSO: 4200/298

**FRG AMBASSADOR DISCUSSES ECONOMIC RELATIONS**

**Jakarta ANTARA NEWS BULLETIN in English 7 Jan 87 p A8**

[Text] Jakarta, 7 Jan (ANTARA)--West Germany, through the IGGI (Inter-Governmental Group on Indonesia) will continue to be Indonesia's main creditor to Indonesia in the years to come.

At least it will maintain its present top third position in the list of IGGI loan givers, West German ambassador to Indonesia Dr Helmut Matthias promised at a press conference here Wednesday.

Indonesia will continue to receive the first-class priority in West Germany's financial cooperation program, according to Dr Matthias who will leave Indonesia next week after serving his country here for four years.

West German latest IGGI loan signed last November was DM100 million, bringing it to the top third in the IGGI member list.

In spite of the soft loans, West Germany continues to obey the international regulation on tenders in its efforts to win tenders offered by Indonesia, he stated.

Until today West Germany has given DM3.5 billion to soft loans (Rp 2,7000 billion) to Indonesia.

**Counter-fund**

Upon questions, he said Bonn was still considering giving Indonesia a bigger rupiah counter-fund.

He said West Germany did not have any regulation that requires the provision of some fund for the purchase of local components to a certain amount in a project where local is involved.

The rupiah counter-fund is part of a loan given in foreign currency which can be converted into rupiah for the purchase of Indonesian products used in a project.

So far the amount of rupiah counter-fund stands around 20 percent of a total loan. Due to a rupiah shortfall, the Indonesian government some time ago called on the donor countries to give a bigger percentage for the rupiah counter-fund so that the projects can be finished.

ECONOMY MINISTER ON POLICY TO DEREGULATE ECONOMY

BK160859 Jakarta Domestic Service in Indonesian 0700 GMT 16 Jan 87

[Text] The government yesterday announced a new policy to deregulate the economy as a follow-up to its earlier economic policies announced last year.

Coordinating Minister for Economics, Finance, and Industry Ali Wardhana said the new economic policy was aimed at making Indonesia's nonoil and nongas commodities, especially its industrial products, more competitive. The policy is also in line with the promotion of industrial export this year, targetted by the government at \$5 to \$5.5 billion.

The new policy to deregulate the economy affects four industrial sectors, namely the textile, steel, machinery and electricity, and automotive industries. The reduction and abolition of import duties on certain commodities are also featured in the new policy with a view to making the country's export commodities, especially the nonoil and nongas ones, more competitive.

Of the four industrial sectors, only the machinery and electricity industries suffered a decline in production value last year, namely from 158.5 billion rupiah in 1985 to 149.4 billion rupiah in 1986, while the remaining three industries recorded a satisfactory growth. In other words, they could enter the markets easily. The textile and steel industries were even able to compete in the international markets.

The government hopes that the new policy to deregulate the economy will be able to make Indonesia's nonoil and nongas commodities more competitive and boost the development of domestic industries. It is also hoped that with the enactment by parliament of a bill on the Indonesian Chamber of Commerce and Industry yesterday, businessmen in the country will be encouraged to make more inroads for nonoil and nongas commodities in the foreign markets.

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CS0: 4213/42

RADIO COMMENTARY VIEWS NEW ECONOMIC POLICY

BK161359 Jakarta Domestic Service in Indonesian 1200 GMT 16 Jan 87

[Station commentary]

[Text] It is easy to understand why businessmen and entrepreneurs in the country have welcomed the government's new economic policy announced yesterday. All-Indonesian National Importers Association (GINSI), for instance, has in particular welcomed the abolition of the existing trade system, which will be replaced by a tariff system. GINSI Chairman (Jahri Ahmad) described the new policy as a shot in the arm for the Indonesian business circles.

We cannot dissociate the new economic policy from the earlier ones, such as the 25 October 1986 economic package, the presidential decree No 4/1986, and the 6 May 1986 economic package aimed at boosting the private sector's nonoil commodity exports because these measures reflect the government's consistent stand in coping with the impact of global economic recession on our economy.

The new economic policy has selected and decided to deregulate four industrial sectors, namely the textile, steel, machinery and electrical engineering, and automotive industries, because the four industries play an important part in our economy--they absorb a great deal of manpower and support our program to boost nonoil and nongas commodity exports.

By reducing or even abolishing import duties for materials intended for these four industries, the government wants to make them more competitive in the overseas markets. Similarly, by abolishing the existing trade system for certain raw materials, such as cotton, and introducing a new tariff system, the government hopes the move will benefit these industries. In short, the government hopes that businessmen in the country will be able to benefit from the 15 January 1987 economic policy.

The new policy also protects domestic industries as reflected in the 50-percent import duties levied on foreign products already produced by domestic industries, with the exception of goods designed not to be manufactured in the country. We hope that industrialists in the country will use this golden opportunity. We also hope that their enthusiasm to produce goods will be revived. This will in turn reactivate our national economy.

/6662

CSO: 4213/42

VALUE OF 1986 INDUSTRIAL PRODUCTION INCREASED

Jakarta ANTARA NEWS BULLETIN in English 7 Jan 87 p A7

[Text] Jakarta, 7 Jan (ANTARA)--The production value of the industrial sector in Indonesia during 1986 reached Rp. 26,821.2 billion, a rise of 21.6 percent compared to that of 1985, Minister of Industry Hartarto said.

Speaking to the press after meeting President Soeharto at Bina Graha presidential office Wednesday, Hartarto said that machines and base metal industries were the group mostly making great headway with an increase of 30.9 percent and a combined production value of Rp. 4, 877.7 billion. (U.S. \$1 = Rp.1.644).

The multifarious industrial group representing the bulk of Indonesian industry reached a production value of Rp.18,480.5 billion, an increase of 20 percent compared with that in 1985.

Base chemical industry showed at Rp.3,463 billion, up by 18 percent compared to that of 1985.

"Although there are several commodities which suffer a production cut, as a whole the industrial sector development in Indonesia during 1986 was encouraging," Hartarto said.

He explained that the headway was mainly thanks to the several economic policies adopted by the government in effort to boost non-oil/gas exports, including the May 6 package, the September 12 devaluation and the October 25 policy.

The minister also mentioned efficiency measures taken by the business circles and the launching of export programs by industries,

Those groups experiencing a decline are mainly those producing industrial goods which suffer market loss and industrial goods that could not be exported due to lack of competitiveness.

These groups include among other cigarette, saccharin, television sets, sewing machines, fan and air condition sets.

Of the multifarious industry, textiles, including garments were the group reaching considerable progress with a production value of Rp.6,210 billion in 1986.

Among the nine industrial sub-sectors grouped in machine and base metal industry, the automotive industry was up by 63.2 percent worth Rp.1,986.9 billion.

Hartarto said investment in the industrial field had showed a considerable progress, especially in industries which were built or developed without facilities of domestic or foreign capital investment.

The overall amount of investment value in the industrial sector during 1986 amounted to Rp.4,448.6 billion, an increase of 130.3 percent over the preceeding year's.

/9274

CSO: 4200/298

# 1987 RICE OUTPUT EXPECTED TO INCREASE

Jakarta ANTARA NEWS BULLETIN in English 3 Jan 87 pp A2, A3

[Text] Jakarta, 2 Jan (ANTARA)--Indonesia's rice production in 1987 will be no less than 27.342 million tons or 2.4 percent above that in 1986, Director General of Food Production Soehaedi Wiraatmaja said here Wednesday.

"I am sure the figure will be met through some obstacles have to be overcome," he added.

He did not deny that the 1986 rice production which increased merely by 0.6 percent against the year before was the lowest during the New Order government period.

An increase in production is already good if it matches the growth rate of the population, he said adding that the present rate of population growth stood at two percent a year.

He said various factors such as pests had contributed to the low production in 1986.

However he said that the areas affected by brown planthoppers had decreased from 53,392 hectares to only 3,163 hectares in the second week of December.

Rice harvests in 1986 dropped by 30,000 hectares from 9,902,293 hectares in 1985 to 9,870,572 hectares.

Although rice fields had decreased by 20,000 hectares in the year due to exploitation for settlements and others as many as 110,000 hectares of new rice fields had been opened.

The director general expressed confidence that brown rice planthoppers would not affect the country's self-sufficiency in rice.

His office plans to use chemicals such as callium to meet the target of 2.4 percent growth in rice production in 1987, he said.

The use of callium has been practised in Central Java taking the benefit of Canadian aid of 500 tons of the substance.

/9274

CSO: 4200/298



COAL EXPLORATION CONTRACT SIGNED

Jakarta BUSINESS NEWS in English 7 Jan 87 p 6

[Text]

A cooperation agreement in the exploration and exploitation of coal deposits between Perum Tambang Batubara (coal mining public corporation) and PT. Multi Harapan Utama was signed here recently at a ceremony witnessed by Minister of Mines & Energy Dr. Soebroto.

Minister Soebroto stated on the occasion that the improvement of the crude oil price was expected to improve the position of coal on the world market. The coal price will become more competitive if the crude oil price reaches over US\$ 15, he added.

Indonesia's coal exports reached about 2 million tons in 1986, the minister said, adding that the coal export volume was expected to increase in 1987 over that in 1986.

Concerning the national coal production, Soebroto disclosed it rose from 337,989 tons in 1980 to 1,957,548 tons in 1985 and 2.6 million tons in 1986. To meet the domestic demand for coal, Indonesia had to import this mineral from Australia and China in 1986.

The supply of coal Indonesia received from Australia and China in 1986 respectively stood at 400,000 tons and 200,000 tons. The increase of coal production in the country is expected to make Indonesia self sufficient in coal as of this year.

President Director of PT. Multi Harapan Utama Ibrahim Risjad stated after signing the cooperation agreement that the

company fully supported the government program in the development of coal as an energy source to reduce the dependence of the country on oil/gas.

PT. Multi Harapan Utama is a joint venture company involving New Hope Indonesia Pty.Ltd. of Australia as a foreign partner. New Hope Indonesia is responsible for the application of the coal mining technology while PT. Multi Harapan Utama and Perum Tambang Batubara is responsible for the marketing of coal in the country and abroad.

The President, based on the letter no.B.54.Pres/12/1986 dated December 29, 1986, approved the cooperation agreement for the exploration and exploitation of coal deposits just signed by Perum Tambang Batubara and PT. Multi Harapan Utama.

The cooperation agreement is for the exploration and exploitation of coal deposits in an operational area covering 189,954 ha in Tenggarong, Kutai regency, East Kalimantan.

/9274

CSO: 4200/295

## BRIEFS

**13 TAIWANESE TRAWLERS DETAINED**--Thirteen fishing trawlers flying the Taiwanese flag are currently being held at the wharf in Ambon after an Indonesian maritime fleet escorted them from Aru waters in north Maluku for carrying out illegal fishing activities. The vessels committed the offenses in the Maluku waters since the end of 1985 through the end of 1986. The Ambon assistant chief of maritime operations, Lt Col Ruardi Sarsang, said in Ambon this morning, the Taiwanese fishing vessels are in good condition and are currently being taken care of by the Ambon maritime authorities. Four of them are currently undergoing investigation before being sent to the authorities for further legal proceedings while eight others are still undergoing the process for repatriation. Eighty-two crew members are currently being detained by the Ambon authorities while the remainder have been repatriated to their respective countries after the investigation of their vessels were completed. [Text] [Jakarta Domestic Service in Indonesian 0700 GMT 10 Jan 87 BK] /6662

**HUNGARIAN MINISTER VISITS**--Hungarian Deputy Foreign Minister Gyula Horn [title as heard] has called on Indonesian industrialists to further enhance their cooperation with their Hungarian counterparts, especially in their efforts for industrial production. During his news conference in Jakarta this evening, Guula Horn expressed the hope that Indonesian industrialists will play a more active role especially in marketing various products to Hungary. It is hoped that economic relations between the two nations would not be limited to only purchasing of products but also to widened cooperation between industrialists in joint production. According to the Hungarian deputy foreign minister, relations between Indonesia and Hungary have improved especially since Trade and Industry Minister Rakhmat Saleh made a visit to Hungary recently. [Text] [Jakarta Domestic Service in Indonesian 1500 GMT 12 Jan 87 BK] /6662

**NEW REGIONAL COMMANDERS**--Army chief of staff Lieutenant General Tri Sutrisno installed Brigadier General Wismoyo Arismunandar as new commander of the Trikora Eighth Regional Military Command, replacing Major General Setiyana, at a ceremony in Jayapura, Irian Jaya, on 9 January. [Summary] [Jakarta Domestic Service in Indonesia 0700 GMT 9 Jan 87 BK] Army chief of Staff Lieutenant General Tri Sutrisno installed Major General Sedijasa as the new commander of the Diponegoro Fourth Regional Military Command, replacing Major General Harsudiyono Hartas, at a ceremony in Semarang on 12 January. [Summary] [Jakarta KOMPAS in Indonesian 13 Jan 87 BK] /6662

**NEW AMBASSADORS APPOINTED**--President Suharto has appointed Jamaluddin Yuda as ambassador to the United Arab Emirates and Kuwait; Bambang Sumantri as ambassador to the Lao Democratic Republic, and Gotalung as ambassador to Brunei Darussalam. [Summary] [Jakarta Domestic Service in Indonesian 0600 GMT 17 Jan 87 BK] /6662

**MILITARY APPOINTMENTS**--Armed Forces Commander General Murdani installed Major General Ida Bagus Sujana and Major General Sugiarto as the new chief of the General Staff and Chief of the Sociopolitical Staff of the Indonesian Armed Forces, replacing Lieutenant General Dading Kalbuadi and Lieutenant General Bambang Triantoro, at a ceremony in Jakarta on 5 January. [Summary] [Jakarta KOMPAS in Indonesian 6 Jan 87 p 1 BK] /6662

**AUSTRALIAN MILITARY MAINTENANCE EQUIPMENT**--Australia is expected to deliver soon to Surabaya hangar and maintenance equipment for Australian-made Nomad aircraft used by the Indonesian Navy. According to the Australian Embassy in Jakarta, the delivery of this equipment is part of an Australian-Indonesian mutual defense agreement. The RAAF [Royal Australian Air Force] Hercules aircraft, which will transport the equipment, are also scheduled to transport equipment for a Hercules aircraft engines project in Malang undertaken under the same agreement. [Text] [Jakarta Domestic Service in Indonesian 2300 GMT 15 Jan 87 BK] /6662

**AUSTRIAN LOAN AGREEMENT SIGNED**--Jakarta, 31 Dec (ANTARA)--Indonesia and Austria signed a financial cooperative agreement comprising the provision of 300 million Austrian Schillings as assistance to Indonesia's development efforts in Vienna on December 22. The loan is based on the Republic of Austria's accession to the Intergovernmental Group on Indonesia (IGGI) and the corresponding pledge at the 29th meeting in the Hague on June 17, 1986. It will be extended to finance development projects in the sectors of energy, transport, telecommunication and education. According to the Austrian Charge d'Affairs to Indonesia, Mr Arno Riedel, the signing of the agreement is an expression of the steadily increasing economic links between Indonesia and Austria and should support the government of Indonesia in continuing its efforts to support the government of Indonesia in continuing its efforts to achieve social and economic progress even during the presently difficult circumstances. Trade relations between Indonesia and Austria are developing successfully and showed an increase in the bilateral exchange of goods and services by 23 percent during the first ten months of 1986. The bilateral trade exchange mainly comprises coffee, cocoa, spices, rubber products, garments, machines and industrial plants, chemical products as well as various other semi-finished and finished goods. For 1987 not least, due to the signing of the agreement further export increases on both the countries are expected. [Text] [Jakarta ANTARA NEWS BULLETIN in English 31 Dec 86 pp A5] /9274

**WEST JAVA COAL DEPOSITS**--Bandung, 3 Jan (ANTARA)--A coal deposit of more than three million tons has been found in Bojongmanik district, West Java, a

coal mining researcher team concluded here recently. According to the team which was composed of three mining experts, the deposit could be exploited for 32 years with an annual production of 75,000 tons. It said the coal deposits could fulfill the demand for coal of small industries using coal as fuel in the surrounding regencies of Pendegelang, Lebak, Bojongmanik, Serang, Tangerang, Bogor and Sukabumi. The small scale industries in the regencies are expected to absorb 87,516 tons of coal annually. Studies carried out by the team have discovered several deposits of mining resources. "The problem now is how to tap the resources," said Zurni M. Nur, public relations officer of West Java's mineral technology development centre, here Saturday. [Text] [Jakarta ANTARA NEWS BULLETIN in English 4 Jan 87 p A6] /9274

NONOIL EXPORTS INCREASE--Jakarta, 7 Jan (ANTARA)--Indonesian non-oil/gas commodities recorded in the first semester of the 1986/1987 fiscal year an export value of U.S.\$ 3,148 million, showing an increase of about 6.4 per cent compared with the corresponding period of the 1985-1986 fiscal year, which stood at U.S.\$2,958 million. Figures at the National Agency for Export Development indicate the increase in export value of non-oil/gas commodities was due to the increasing demand for several Indonesian non-oil/gas commodities, such as plywood and rubber. The impact of the sluggish world economic situation was still felt, mainly in Indonesia's traditional markets, which in turn slowed down price increase of Indonesia's non-oil/gas commodities. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 Jan 87 p A5] /9274

NEW MARINE CORPS COMMANDER--Jakarta, 8 Jan (ANTARA)--Brigadier General Aminullah Ibrahim became the new commander of the Indonesian Marines Corps Wednesday. He replaced Major General Muntaram. The post transfer ceremony was presided over by Navy Chief of Staff Vice Marshal Kasenda and attended by some high-ranking navy officers. Brig Gen Aminullah Ibrahim was graduated from the Navy Academy in 1960 and became the seventh commander of the corps. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 Jan 87 p A5] /9274

SPEAKER MEETS GREEK MP--Jakarta, 8 Jan (ANTARA)--House Speaker H. Amirmachmud received visiting deputy chairman of Greece's Parliament Kratas Apostolos at the DPR/MPR building here Thursday. The visit of the Greek opposition party's leading figure was part of the tour of several countries, such as Thailand, Taiwan and Australia. House Speaker Amirmachmud during the meeting expressed the hope that through the visit cooperation between Indonesia and Greece could be stepped up since so far diplomatic ties between the two countries was only marked with the presence of an honorary consul in the respective nations. Amirmachmud is also of the opinion that cooperation in the economic field, especially investment projects, will be very useful for both Greece and Indonesia. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 Jan 87 p A8] /9274

HABIBIE ON HIGH-TECH INDUSTRIES--Jakarta, 10 Jan (ANTARA)--Minister for Research and Technology B. J. Habibie declared Friday that development of Indonesian high-tech industries such as aircraft-making and shipbuilding will not be loosened a bit despite the financial trouble hitting the country currently. "In the difficult condition at present, we must even increase productivity, efficiency and marketing," he said to reporters here at his



office. Habibie noted that the products of IPTN (aircraft industry), PT PAL (Shipbuilding) and PT Pindad (armament industry) he leads, are designed for meeting the country's need at present as well as preparing the nation for the bright future. "By making such products, we will not just save foreign exchange but also draw it from exports, and at the same time giving opportunities to the Indonesian youths to master high technologies," he said. He reminded that the current hardship should not discourage the nation to command high technologies which are very significant in the future. The present condition should be regarded as a "whip" to the nation to expand development particularly of "three dimensions" he said, referring to exports to oil and gas, traditional agricultural products and of industrial products of high technologies. [Text] [Jakarta ANTARA NEWS BULLETIN in English 10 Jan 87 p A6] /9274

PERTAMINA OIL FIND--Medan, 9 Jan (ANTARA)--Pertamina state oil company has discovered a new oil-well at Rantau, East Aceh, after drilling operations at a depth of 1,340 meters. Pertamina's North Sumatra regional manager Abdul Gani told the press Wednesday that the well was the 33rd in the West Kuala Simpang area. Drilling operations started November 21, 1986, and was completed January 6, 1987, he said. The well produces 52 cubic meters of crude per day. Pertamina's Rantau field drilling chief, Henro, said to the press, who came to the site to see the drilling operations. Henro could however not give an estimate of the available oil deposit of the new well. North Sumatra regional manager Abdul Gani said that the drilling operations had been carried by an all Indonesian technical team, using 25-year-old Nigata, Japan, drilling equipment. Rantau field manager Sofyan Siregar told the press that Rantau which is the center of oil operation activities in Aceh, has in all 700 oil-wells, but only 200 are productive. Besides producing oil, he said, the Rantau field also produces gas which is channeled through 170-kms pipelines to Pangkalan Brandan-Sei Wampu and further to Medan to meet household, the steel foundry and the electric company's requirements. Rantau field also produces liquefied petroleum gas (LPG), which is marketed in steel containers for household, restaurant and hotel use. [Text] [Jakarta ANTARA NEWS BULLETIN in English 9 Jan 87 pp A2, A3] /9274

CEMENT, CLINKER EXPORTS--Indonesia's cement exports in September 1986 reached 93,332 tons or about 76.56% of the target of 121,900 tons, while the shipment of clinker from Indonesia to other countries stood at 42,791 tons in the same months or about 150.67% of the target of 28,400 tons. The supply of cement from Indonesia to importers abroad reached 46,999 tons in the first 13 days of October 1986 or about 38.52% of the target of 122,000 tons set for the month, while Indonesia's clinker exports in the same period were registered at 16,709 tons or 32.13% of the planned exports of 52,009 tons during that month. The designation of cement exports in September 1986 consisted of Bangladesh, China, Malaysia, Vietnam, Singapore, Sri Lanka and Brunei. In the first 13 days of October 1986, the exports went to Bangladesh, Singapore and Sri Lanka. [Text] [Jakarta BUSINESS NEWS in English 7 Jan 87 p 4] /9274

MINISTER REFUTES ENRILE CHARGE ON LAND TITLES

HK161419 Quezon City Radyo ng Bayan in Tagalog 0900 GMT 16 Jan 87

[Text] Agrarian Reform Minister Heherson Alvarez refuted the accusation that his ministry is giving out emancipation patents in which the signature of former President Marcos is being changed. Here is Glo Custodio for the details:

[Begin recording] The accusation came from former Defense Minister Juan Ponce Enrile, who said that President Aquino is giving out land titles to farmer beneficiaries [word indistinct] and these titles were prepared by the former regime, and the signatories are being changed. According to Alvarez, the former regime only gave out 21,627 patents to 17,000 farmers in 13 years from the original 630,680 titles, or 3.61 percent. The remaining 96.49 percent [percentage figures as heard] were not used because they were used for erroneous service, as in the case in (Halahala), Rizal, where the titles [word indistinct] were given away before the snap presidential elections were held. The emancipation patents that were not used were changed because they were based on wrong (?survey). Alvarez also said that the new regulation of his ministry is to issue emancipation patents that are based on the actual and final survey. The new emancipation patents have the signature of President Aquino and Minister Alvarez. [end recording]

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CS0: 4211/23



## BRIEFS

**MINISTER URGES REBELS TO FORM PARTY**--Muslim Affairs Minister Candu Muarip called on the Muslim rebel leaders to form a political party. He said that the continued lack of unity among the Muslim rebels will make it more difficult for government to solve the problem of the region. Here is Jojo Ismael for more details: [Begin recording] Muarip said it is not true that the government will not listen to other Mindanao rebel groups apart from that of Nur Misuari. According to the government, it will also meet with the MILF. [Moreo Islamic Liberation Front] which is the group of Hashim Salamat, and the MNLF Reformist Group, headed by Dimas Pundato and Jun Abbas. Previous to this, the MILF protested against the government because of its exclusion from the Mindanao peace talks. [end recording] [Text] [Quezon City Radyo ng Bayan in Tagalog 0600 GMT 16 Jan 87] /9599

**FIGHTING BETWEEN MNLF, MILF**--Fighting broke out again between two rival Muslim rebels in Datu Piang, Maguindanao 2 days ago. Camp Aguinaldo said that Commander Basco's troops under the Moro National Liberation Front and the Moro Islamic Liberation Front group under Commander Magbud exchanged fire. The report also said that the two sides suffered heavy casualties, although no figures had been announced. According to the military, it was customary for rival Muslim factions to keep the casualty figures from their respective people. [Text] [Quezon City Radyo ng Bayan in Tagalog 0330 GMT 20 Jan 87] /9599

**SABAH CRIMES PROBED**--Philippine Ambassador Pablo Suarez and Sabah Chief of Police [name indistinct] held a closed-door meeting in the Sabah capital yesterday. They were reported to have discussed the arrest of some Filipinos residing in Sabah who are involved in criminal activities. Ambassador Suarez was acting on orders of Vice President Salvador Laurel to investigate the illegal activities in Sabah of five Filipinos. Earlier, the Foreign Affairs Ministry revealed a report by the Sabah police about the killing of a Filipino, identified as Servillano, during an altercation at a timber camp. [Text] [Quezon City Radyo ng Bayan in Tagalog 0500 GMT 22 Jan 87] /9599

CSO: 4211/23

ATHIT INTERVIEWED ON PREM TIES, POLITICAL MOVES, U.S. BASES

Bangkok KHAO PHISET in Thai 8-14 Dec 86 pp 11-16

[Interview with Gen Athit Kamlangek, the former supreme commander and RTA CINC, at his home on 26 November 1986]

[Text] After traveling abroad for 2 months, Gen Athit Kamlangek, the former supreme commander and RTA CINC, returned home on 12 November 1986. He graciously granted an interview to KHAO PHISET at his Kesa Komon residence on 26 November. Gen Athit was interviewed by KHAO PHISET once before just before he was relieved as RTA CINC in May 1986, which left him with the single position of supreme commander. Even though he is now a "former" military commander, he had many interesting things to say about various matters. KHAO PHISET tried to ask him about as many things as possible during the time available.

[Question] There have been rumors to the effect that you took this 2-month "vacation" because you were ordered or asked not to return to Thailand. Were those rumors true and who spread the rumors?

[Answer] I am not interested in that. I am not interested. Such rumors are of no value. Such rumors are common in our country. Such rumors are spread all the time. The senior people in the country don't pay any attention to such rumors. There are always such rumors in the air. Without such rumors, it would seem as if something were missing. And so there are always rumors about something.

[Question] During the time that you were abroad, did you hear any rumors?

[Answer] I am not interested in rumors. I don't listen to rumors. How could they forbid me? I am retired now. I am not involved in anything. I went on my own. Before I left, I did everything that was required. I did everything correctly. Those were just rumors. This was a personal trip. I never pay any attention to such rumors, which spring up all the time.

[Question] Have you seen the prime minister since you returned?

[Answer] Yes, I have.

[Question] How is the prime minister?

[Answer] Fine. He is healthy. He is feeling quite well.

[Question] It is said that you bought a coat for him as a present.

[Answer] It was a warm-up suit. But it was a rather heavy one. I know that he exercises daily. I have great respect for him, and so I bought him this as a present. It's not much. It was just a small gift. I brought him a few pears from China. I couldn't carry them by myself. I gave them to him as a sign of my respect. He is a very nice person. Before I left, I telephoned him and told him that I was leaving on a vacation. He said that that was good and that I should take a rest. Now that I have returned, he has said that I should visit him frequently.

[Question] Did he sound you out about cooperating with him on certain matters?

[Answer] No. No... We did not talk about anything else. We just chatted about ordinary matters. He asked about my trip. We did not discuss anything else.

[Question] There are those who say that you and the prime minister do not get along with each other. How do you feel about this?

[Answer] I don't see any problems. (laughs)

[Question] What about in politics?

[Answer] That is not true. (high voice) We are not enemies. I respect him. He was my boss, my superior. We fought together on the battlefield. He has always treated me well. We have never been at odds. That is just talk. We are not at odds.

[Question] What do you plan to do now in your personal life and in the public sphere, particularly in the political sphere?

[Answer] I plan to do as much as I can depending on what society wants me to do. For example, if a school invites me to come speak at the school, I will go. I don't have any duties now. I will do as much as I can to help society. That is helping the country, too. I will do what I can. I am keeping busy. I have been invited to attend various religious and school functions. Most of my activities today concern these two sectors.

Another thing that I will do.... I have looked into the matter and plan to establish a service center for the elderly in Loel Province in the Northeast. I have already looked at the site. This will be done in cooperation with merchants and other people. In the north, there are many elderly people who are very poor. It is difficult for them to find anyone to take care of them, and they can't really look after themselves. They need someone to look

after them. I would like to gather these elderly people together and give them the attention that they need. The center will require about 50 rai. We are trying to make this a reality. I just made a trip to discuss this with others. I think that we can find a place in Loei Province. And the scenery there is very beautiful. I think that these elderly people would be happy there.

I think that if we attach greater importance to the elderly, this will give all of us greater motivation in our work. Because everyone must eventually grow old. This will be something that people can rely on. I plan to do this with the cooperation of merchants and others. This is one of the things that I can do. This will help society.

[Question] What lines have you formulated as far as politics, or high-level administration, is concerned?

[Answer] I haven't formulated any lines. That is not my duty. I don't have any political duties. They have administrators who are responsible. I won't get involved. There are already administrators who are handling things. I hope that they achieve their objectives. I will do everything I can on the social front.

[Question] Have you thought about forming or joining a political party?

[Answer] Not yet. I don't have the capabilities to form a party. Establishing a party is a major undertaking, and it takes time. There are many difficulties that have to be overcome. Forming a party costs a lot in terms of several things, and it is very difficult. As for joining a party, I must first see what the needs of the country are. At the present time, I don't think that the situation in the country requires that I join a party. For the time being, I will do social work. In the future, I will consider this again. I don't know in what ways I can be helpful. Others must consider this. Thus, I can't tell you whether I will do this or that. But I can do social work and work with the temples and schools. And, as I said, I want to establish a welfare center for the elderly. These are the things that I am engaged in today.

[Question] Then you don't plan to run for a seat in the House right away....

[Answer] I can't think about that now. I have other things to do first.

[Question] What is your view on the security of this government? Or what are the things that worry you the most?

[Answer] I think that everyone in the administration is trying to do a good job in governing the country. I don't think that this administration has been in office long enough for us to be able to determine whether it will achieve its objectives. We can't criticize it yet. We have to give it time. But I do think that people are trying to carry out their duties in a responsible manner and that everyone wants the country to make progress. I think that if all factions join together and work resolutely, things will improve. That is what I think.

[Question] Immediately after his appointment, the present RTA CINC announced that he would keep the army out of politics. In your view, how likely is that? And as the former RTA CINC, what do you think should be the relationship between the military and politics?

[Answer] It is first necessary to understand the meaning of politics. That is, what is politics? In my view, politics concerns being responsible toward the country. And I think that all Thai have a responsibility toward the country. But most people equate politics with governing the country. Actually, everyone who carries out their duties is engaged in politics. Thus, the word politics really means "responsibility toward the country." Everyone must be responsible. Everyone must be aware of and understand the country's problems.

I don't know what the RTA CINC said. But I am sure that he had good intentions when he said that the army will not interfere in the country's administration. The military has followed such a policy in every period. Normally, the military has not interfered with the administration of the country. But that does not mean that it has not been responsible toward the country. The RTA CINC probably meant that the army will not interfere in politics. That is, those in administrative positions will be allowed to govern the country. The military is responsible for defending the country and maintaining order. This is probably what he meant. But I did not hear what he said.

If this is what he meant, I don't think that this differs in any way from the intentions of previous commanders. I never interfered and never got involved unless asked to do so by the people or the government. Besides the administrators, we provided help as appropriate. It was like that every time. We have to be clear about what we mean by the word politics.

[Question] Many people have the view or feeling that the military was deeply involved in politics during the period that you served as RTA CINC. Now, you seem to be trying to erase that image. There is no one better qualified than you to explain what really happened during that period.

[Answer] I have never interfered in politics. My view is quite different from those who feel like that. I have never interfered in politics. If I had, I would have taken on administrative duties. I would have become a minister or something. But I never interfered. I never had any desire to do that. During the period that the provisional articles in the constitution were still in effect, I never interfered. I just carried out my duties in defending the people. I never interfered in politics. I never asked to be made a minister. I never got involved with anyone. How can people say that I interfered in politics? How can they say that the military interfered in politics? I never asked anyone for anything or played a political role. During the period that I was on active duty, I never interfered. Never.

I disagree with that view completely. As for the things that I did for the country, I was asked to help. And in certain cases, I had to do certain things in order to maintain order. I did those things in order to maintain order in the country. Take flooding, for example. Actually, flood control work is not the responsibility of the military. But I had to help the people. We tried to help develop the country. The constitution does not state that such work is



the responsibility of the military. But we can help. This did not concern politics. Some people may have wondered why soldiers were engaged in such work. They may have wondered why soldiers were involved in development work and in road construction. But actually, the constitution clearly states that the military can engage in development activities if it has time or if it has a chance.

Thus, I did not interfere in politics. I worked to preserve democracy until the day that I left government service. I never did anything to harm democracy. I did everything that I could to protect democracy. No one can say that I interfered in politics or that I interfered with the administration. Except for serving as a senator, I never held any political position. Except for that, I was never involved in politics. Even when the provisional articles were still in effect, I did not interfere. Even though I had an opportunity, I did not do so. I have never done so. Thus, those who feel that I interfered in politics are wrong. They have a wrong view of things.

The RTA CINC has stressed this so that people will see that his line is the same as mine. That is, I did not interfere in politics or administrative affairs. He has repeated this to show people that the military has always conducted itself like this. I am not trying to change people's image or anything else. The truth is, that is the line that we followed.

[Question] You helped suppress the 1-3 April 1981 rebellion. After you were appointed RTA CINC in 1982, was there ever any thought about toppling the democratic system?

[Answer] No, I never had such thoughts. Never.

[Question] I didn't mean you. What I meant was, did anyone in the military advocate using force like those who carried out the 1-3 April 1981 and 9 September 1985 rebellions? Were there many who advocated making changes this way?

[Answer] I always tried to maintain the democratic system of government. I did my best to make the government secure so that it could carry out its duties. I helped correct whatever needed to be corrected. I talked with people and asked them to do what was best for the country. I feel that I helped enable our democracy to survive. Even if it is not yet a perfect democracy, we do have a democracy. We should be happy about this and help preserve our democracy. We may disagree about certain things and argue, but in a democracy people are free to express their ideas. But in the end, everything will be all right. What is wrong will be changed. I am sure that our democracy will survive.

[Question] Prior to the 9 September 1985 rebellion, how many attempts were made to stage a coup and how did you manage to stop this?

[Answer] Before things reach that point, there are always several other things that happen. You can issue orders and warnings and appeal to people. I tried to warn people both directly and indirectly. If something happens, no one knows what will happen. We must try to suppress such things. But if something does happen, we must deal with it. We have not suffered great losses. It's not

like in neighboring countries. It's sometimes difficult to guess what people are thinking. Even after we have warned people, they may make a mistake. But I can assure you that I always tried my best to maintain order. If we follow this principle, I am sure that the country will be all right. I tried to set a good example. I am sure that things will improve.

Today, the army is well disciplined. The commanders, or the soldiers are working together. Lines and other matters are discussed with subordinates. The things that are being done are in line with the things that I did. Some changes have been made, but that is normal. Even in our own work, we have to make changes sometimes. I think that the military and the people and the military and democracy will be able to get along well. We should forget the old picture. Some people think only about the past. But we have proven that our views are in harmony with those of people in general. That is, we love peace and want to maintain the interests of the country. I want people to understand this.

[Question] Do you think that there will be any more incidents such as the one that occurred on 9 September 1985?

[Answer] I don't think so.

[Question] Why did the 9 September rebellion take place?

[Answer] That's difficult to answer. It's hard to know why that happened. If we had known the reasons, we could have taken steps to prevent it. We usually don't know why such things happen. Such things happen all of a sudden. We can't say, "hey, why didn't you prevent that." It's difficult.

[Question] At that time, you tried to stop....

[Answer] I did not name anyone in particular. Because I didn't know. I tried to take measures to prevent people from doing anything improper. If I had been there, I would not have allowed that.

[Question] Had you heard any rumors about an impending coup?

[Answer] I had not heard anything directly. But we have to take preventive measures. The police, for example, have to take steps to prevent criminals from stealing, right? I don't know how we can get people to take this seriously. But we have to try and prevent such things.

[Question] During the period that you served as supreme commander, there were reports that you had recommended changing the structure of Supreme Command Headquarters. And as it happened, no one was appointed third deputy supreme commander. As a result, most people thought that structural changes would be made. What recommendations did you actually make regarding changing the structure of Supreme Command Headquarters?

[Answer] Improving the military is a matter for government officials. I cannot give any details on that. But the structure of the units must be improved constantly in accord with the situation. Regardless of the level, units are



constantly being improved. As for whether a position is filled or not, that depends on our need. We have to decide whether we need such a position or whether it should be eliminated. Depending on our needs, we may decide not to fill this or that position. There are many positions in the military that have not been filled. It isn't necessary to fill all the positions. If there is a lot of work and we need people to help with the work, we can appoint people. If the workload decreases, we can handle it ourselves. That doesn't harm anything.

Thus, just because there are three positions doesn't mean that it is necessary to fill all three positions. The number of people appointed should depend on the amount of work. If there is a lot of work, we can appoint more people. But if there isn't that much work, we can reduce the number of personnel. This is an administrative principle. You can reduce the number of personnel, or not fill positions.

[Question] During that period, did you recommend to the Ministry of Defense that the structure of Supreme Command Headquarters be changed?

[Answer] I made recommendations about a lot of things. There is a committee that is responsible for considering the structure of the various units. Nothing was changed. The structure was not changed.

[Question] There have been reports that the position of supreme commander will be abolished.

[Answer] The structure has not been changed.

[Question] Are you in favor of having a joint chiefs of staff? Do you think that this system is suited to Thailand's military?

[Answer] It depends. We can use the good features and throw away those that are unsuitable. We have to have a committee to consider this. Structural matters are matters that the commanders of the various units must consider based on what is appropriate at each stage. I am retired now and so it is inappropriate for me to discuss such matters. It's up to the present commander. But so far, no major changes have been made. The structure is still the same. A few minor changes may have been made, but that is normal. Nothing has been abolished.

[Question] Recently, the United States promulgated a trade protectionist law that has had a great effect on Thailand. Would you discuss U.S. strategy toward this region, particularly Thailand?

[Answer] This concerns international policy. The United States has a Congress and a president. Congress and the president are responsible for the various policies. These policies change depending on who is elected to Congress and who is elected president. However, based on what I saw when I was on active duty and based on my conversations with U.S. military leaders, I feel that they are very interested in military matters in Asia. As for politicians, they have politicians just like us. Sometimes, they don't understand Asian politics. That is, they don't understand how we can coexist peacefully. There

may be some. We must try to make them understand. This will take time. There are several issues. They live far away and so we don't have a chance to explain things to them very often. They may be confused about certain issues. I don't want to go into the details, because I am not involved with them. There are many things on which we work together.

[Question] Do you support having them establish an arms depot in Thailand?

[Answer] In principle, this would benefit the country. In principle. The government supports this. The prime minister and minister of defense support this. In principle, this will be beneficial. But we must discuss the details of this. We have to do whatever will benefit our country.

[Question] Then you agree that an arms depot can be established but that the details must be worked out, is that right?

[Answer] The details must be worked out first. We have to know what the objectives are and how this will benefit the country. We have to determine what effect this will have on our security.

[Question] Do you think that there is any chance of this turning into a military base?

[Answer] No. We don't want to go that far. That won't happen.

[Question] Do they want that?

[Answer] No, they don't, and neither do we. Having a military base is very expensive. And they don't really want a base here. It would cost millions. Before they establish a base somewhere, they have to weigh things very carefully. The base must be located in a strategic location from their point of view. And we don't want them to establish a military base in our country. Because we don't want others to view us as a strategic point. We don't want that. But if we have to confront an enemy, we have to have "claws" to defend ourselves and prevent the enemy from invading us either intentionally or unintentionally. We have to be able to make them think. But we have to try to keep things from escalating to the point where we face destruction.

[Question] Does your class, Army Preparatory School Class 5, still meet as usual? It seems that members have drifted apart.

[Answer] We often meet to talk and eat together. They continued to meet when I was not here. They sent me news, because I am the class president. My class from the National Defense College plans to get together in 2 or 3 days. We still get together to eat and chat.

[Question] Have fellow classmates such as Gen Thianchai Sirisamphan (the deputy prime minister) and Gen Mana Rattanakoset (the deputy minister of education) been to see you recently?

[Answer] We see each other every now and then. Things are normal. Thianchai and I stayed in the same room. We had consecutive ID numbers. (laughs) There is nothing wrong. We once worked together.

[Question] Many people feel that Gen Mana and Gen Thianchai have gone the opposite direction from you.

[Answer] They are politicians. One is a minister and the other is a deputy prime minister. They are carrying out administrative duties. They have very little time. I was the RTA CINC and supreme commander. But now that I have retired, I am just an ordinary citizen who is trying to serve society. We are involved in different things. But we are still personal friends. We meet together. Before I went abroad, we all got together here. Mana and Thianchai came to visit me on my birthday. Even though Thianchai has to go various places on business, he still makes an effort to stop by. Mana stops by, too. There is nothing wrong between us. We have known each other and been friends since we were students together. They are busy with their political duties. I am an ordinary citizen. But we are still friends.

[Question] Do you have any interest in becoming prime minister or being appointed minister?

[Answer] No. I can't appoint myself. How could I dream of that? I am content with things as they are now. My present situation is fine. I have a comfortable life. I don't have any worries. My friends and superiors are kind and my former subordinates are loyal. I don't see any need to dream about having a position.

[Question] Many of your former subordinates would undoubtedly like you to serve the country again.

[Answer] I will have to see if the opportunity presents itself. I must look at things carefully. There are already people in office. We should give them a chance. My life is quite comfortable. It's good to rest. It's not that I am an expert.

[Question] I would like to turn to personal matters. In an interview you gave to HIGH CLASS, you talked about marriage. The words that you used can be construed in several ways.

[Answer] Why is that?

[Question] Would you like to remarry?

[Answer] I have not thought about that. I can't say whether I would not. I haven't thought about this, because I am still busy working for society. My children come to see me frequently. I haven't thought about making any changes. I am still in very good health. I am free to go where I want, eat what I want, and chat with whomever I want. I am not in any rush. That is, I have not thought about changing my life. I can't give you an answer. The time hasn't come. (laughs) That is a very difficult question to answer. Why? Are there still questions? I don't think there is anything to be suspicious about.

[Question] You used very "romantic" words. You used the word "dazzling" and other such terms. You said that you were already old and that if you met a young woman who was "dazzling," why would she agree to marry you.

[Answer] Oh! (smiles) Yes, I said that. They asked me if I planned to remarry. I replied that I was already old and didn't know who would marry me. I said that a young and beautiful girl should marry someone more suitable. I said that that would be better than tying herself to me, because I am getting old now. I don't think anyone would want to do that. That is what I meant. Why would a young and beautiful girl want to marry me? They asked me if I planned to remarry. That was my response. What girl would be interested in me? But an older woman (laughs), we could grow old together. We could hold each other up. (laughs) I am not really looking.

[Question] You said that you planned to write a book. Have you made any progress?

[Answer] I haven't started yet. I have just made a few notes. But I haven't actually started writing.

[Question] Where will you have it published?

[Answer] (laughs) All I have done is make some notes. Whenever I go somewhere, I take notes. Whenever I have an idea, I make a note of it. I haven't thought about publishing it. Writers don't have to publish their works. All they have to do is write. I have kept a record of the things that I have done. In the past, whenever I went somewhere, I would talk. But now I don't have many opportunities to talk. I have time to write. I haven't thought about publishing it. I'll have to see. I don't know why I should bother with publishing it. I don't know if anyone would read it.

[Question] When will you move to the house at Uruphong?

[Answer] After it is finished. Normally, you can stay on here (Kesa Komon) for up to 6 months.

[Question] Who will move in here after you?

[Answer] It's up to the army. I don't know. But I don't have many things. I have returned almost everything.

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CSO: 4207/79

## EDITORIAL VIEWS U.S. FOREIGN POLICY

Bangkok THE NATION in English 14 Jan 87 p 4

[Text]

**W**HEN the news about the sale of American arms to Iran and the funnelling of money obtained from it to the Contras in Central America first broke late last year, there were rumours that US Secretary of State George Shultz would resign. Now the speculation has been revived again after the publication of part of a White House memorandum which says that President Ronald Reagan approved of the sale of American arms to Iran but it also points out clearly that both Shultz and Defence Secretary Caspar Weinberger disagreed with the move.

The speculation about Shultz's resignation is not far-fetched at all. The new Democratic Congress is going to rake up the whole scandal again and the American communications media will be full of comments, half-truths, news leaks, etc — something that reached its pinnacle during the Watergate scandal that brought down Richard Nixon. But Watergate was purely an American affair which had nothing to do with any other country.

The present controversy, however, which is likely to gather momentum as House and Senate investigating committee move into high gear, involves numerous foreign countries like England, Portugal, Iran, Iraq, Israel, Saudi Arabia, Central

American countries, and even Brunei and the Philippines among others. How can the United States conduct a positive foreign policy if all the dirty linen is washed in public?

Shultz is the man in charge of American foreign policy and now it has come to light that his strong objection to the sale of arms to Iran which would upset the delicate power balance in the explosive Middle East and which contravenes Shultz's own belief that Iran sponsors terrorism and so should be shunned, has been overridden, how can he effectively continue to administer foreign policy?

The State Department which controls the American embassies all over the world will be crippled and few international leaders can have any faith in what Shultz says because nobody can know whether or how he will be overridden. Shultz is on record as a loyal supporter of Reagan but continuing as the secretary of state, whose credibility has been lost, will be an impossible task to for him.

While Shultz's resignation will be a major blow to American foreign policy, a far more severe one can be dealt by the forthcoming congressional investigations and the "secrets" which American media will uncover involving numerous other countries involved in the scandal.



DR SANOH UNAKUN COMMENTS ON STATE FIRMS, 6TH PLAN

Bangkok SIAM RAT in Thai 8 Dec 86 p 6

[Interview with Dr Sanoh Unakun, the secretary general of the Office of the National Economic and Social Development Board, by a SIAM RAT economic team; date and place not specified]

[Excerpt] [Question] What does the 6th Plan have to say about administering the state enterprises?

[Answer] The state enterprise plan within the 6th Plan is quite clear. An important new development in the plan is the establishment of a "National State Enterprise Committee." The composition of this committee will be different from the previous committee. That is, there will be several people from the private sector on the committee, such as Mr Nukun Prachuapmoh, Dr Phaichit Uathawikun, Mr Omret Wila-on, Dr Olan Chaiprawat, and Dr Suwan Walaisathian. All of these people are experts in one field or another, such as technology, finance-banking, industry, and law. As a result, both the public and private sectors will give greater weight to the views of this committee.

Something else that is important is that someone has been made responsible for the committee's work. That is, there is now a committee secretary (the comptroller-general).

This new committee will focus mainly on two things: increasing the efficiency of the state enterprises and enabling the private sector to participate in developing the state enterprises, particularly in changing forms and transferring ownership rights. Also, the private sector will be given a chance to manage certain activities of the state enterprises.

Actually, it had already been decided to change the form of about seven or eight state enterprises. But in implementing this, major obstacles and problems were encountered. That is, when the matter was turned over to the operations units, there was little enthusiasm for implementing things based on the resolution. Thus, as far as the activities of this new committee are concerned, the role of the committee has been clearly stipulated so that it can operate more independently than the old committee. The committee will be

able to submit study reports to the cabinet directly so that the cabinet can study these reports along with the views of the state enterprises.

This new committee will study the problems in detail in order to see if there is any way to solve the problems and to determine whether operations should continue as before or whether changes should be made.

[Question] What will be gained by putting people from the private sector on the State Enterprise Committee?

[Answer] The most obvious thing is that the committee will have greater freedom in analyzing things and expressing its views. Because those from the private sector are not part of the bureaucracy. Within the bureaucracy, not everyone is tied down by bureaucratic methods. Development workers can review the role of the state to see what the state should do and what the private sector should do. But it must be admitted that some bureaucrats are still tied to the old ways of thinking.

[Question] In trying to solve the state enterprise problems based on the new line, will the state enterprises be classified in terms of income-earning enterprises and public services enterprises?

[Answer] Yes, we classify the enterprises like that. But we have done so to facilitate discussion. But this does not mean that those state enterprises that are making a profit must belong to the state. Today, there are many monopolistic and semi-monopolistic activities that are not managed by the state. Examples are liquor, beer, and oil.

As far as public service activities are concerned, it isn't necessary that such activities be carried on by state enterprises. There are many other methods that will be used in order to increase efficiency and reduce the state's investment burden. The private sector could be given responsibility for providing water for the water works system. Similarly, consideration can be given to allowing the private sector to generate electricity for the public electricity supply system. These things are not written in stone. We must use discretion and determine what is most suitable.

The reason why public service enterprises are classified separately from other state enterprises is that these enterprises are more alike than are other types of state enterprises. But this does not mean that they can't be touched. That would be tantamount to suppressing thinking. In considering how to solve these problems, every sector must have an open mind and look at what can and can not be done.

[Question] If certain state enterprise activities are turned over to the private sector, will conditions be set regarding what prices can be charged for the goods or services of those enterprises?

[Answer] We have not set conditions or stipulated any criteria. We will allow prices to be set by market conditions or the market apparatus, in which enterprises engaged in similar activities compete against each other. The state established the various state enterprises because it felt that the



private sector was not ready to carry on such activities. It was the state that initiated this. But the state has always promised that as soon as the private sector is ready, the state will immediately stop engaging in such activities. It will not compete against the private sector.

Today, the state enterprises have huge debts, and their debts are increasing. But we have to continue supporting them, because there is no one else who will.

[Question] Is the government confident that it can solve the problems concerning the labor unions, which pose a major obstacle in changing the form of the state enterprises?

[Answer] We have a labor law to control things. If changes are made or action is taken, compensation must be paid based on the criteria stipulated. Things must be done fairly.

In disbanding state enterprises, there have been few problems with the labor unions. Most of the problems have come when we have tried to transfer activities that were under the control of the state to the private sector. Very frequently, the units have set too high a price or value on the activities to be transferred. The prices have been so high that the private sector has not been interested in taking over the activities. It's not that the private sector isn't interested in these activities. Someone must look into things and find out exactly what the problems are.

It is the National State Enterprise Committee that must look into things and try to solve these problems. It must determine whether these really are problems. If they really are problems, they must be solved. If they aren't, they shouldn't be viewed as problems. There won't be any problems if all sectors cooperate with each other.

[Question] A total of 3.9 million jobs are supposed to be created during the period of the 6th Plan. How realistic is that?

[Answer] About half of those 3.9 million jobs will be in the agricultural sector. The others are in the service industries, agricultural-related industries, and the forest, fishing, and livestock industries.

The industry in which there is much activity today is the parts production industry. Many foreign investors are showing an interest in investing in this. Thus, we must take quick action so that we are ready. Today, there are two levels. In the immediate period, the expansion of such investments will use the existing base. This will be done by expanding the operations of existing activities. The second concerns the start up of new activities.

Today, we are rushing work on the Laem Chabang industrial park in order to support the start up of export industries. It is expected that things will be completed within the next 2 years. As for Map Taphut, Taiwan has expressed an

interest in investing here. There is a good chance that this will come about. The only thing is how to proceed in order to speed up things. We have opened up everything. There are no restrictions on which countries can invest here.

[Question] The fact that Thailand is not ready to move forward on the Eastern Seaboard Development Project has slowed things down. How will this problem be solved?

[Answer] We are taking steps to solve this problem. There is close coordination among the Port Authority, the Industrial Estate Authority, the State Railway, and other state enterprises. Originally, this was to be built in 4 years. This has now been shortened to 3 years. The public and private sectors are cooperating more closely on both the port and the export zone.

The tax system has been a problem. But now the government has directed that the problematic aspects be changed. This will help reduce costs for both domestic and foreign businessmen. For example, the trade tax on raw materials used in the production of export goods has been reduced to only 0.1 percent, which is a very low rate. This is of great significance to businessmen.

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CSO: 4207/83

RIVAL TO PHICHAI FOR DP LEADERSHIP PROFILED

Bangkok BANGKOK POST in English 10 Jan 87 p 4

[Article by Sermsuk Kasitipradit]

[Text]

AS a candidate for Democrat Party leadership, Chalermphand Srivikorn has been dubbed a rebel leader who launched the move to oust Bhi-chai Rattakul from the party's top post. The Bangkok businessman, however, sees himself more as a "fighter for righteousness."

"Please don't call us rebels. We are not (rebels). We are not a group of disappointed party members just because we failed to make it to the Cabinet, like some people claim.

"We are fighters for righteousness. When we consider that something has been handled improperly, we have to fight for what is correct and just," said the 51-year-old deputy leader.

Mr Chalermphand reiterated he had considered the move for quite a while before agreeing to run for the top party post.

"I decided (to run) not because I want to be party leader myself. I really have no ambition like that at all, but I finally accepted because party colleagues urged me," he said.

Mr Chalermphand said he approached deputy leader Marut Bunnag to run for the post but the Education Minister turned down the proposal, saying he was not ready for the job.

House Speaker Chuan Leekpai reportedly also turned down a request from party secretary-general Veera Musikapong.

Mr Chalermphand joined the party in 1976, when the late former party deputy leader Damrong Lathaphipat persuaded him to be party member.

"I am quite successful in my business. If I play politics it is with the thought that I will be able to help other people and serve the country. Becoming a politician makes one know what poverty is like, what a slum looks like," he said, ticking off the reasons for his entering politics.

Because of his wealth — he owns several businesses including the Srivikorn School, the President Hotel and Tai Ping Carpet Co — Mr Chalermphand became one the party's main financial supporters, and a target for assistance by MPs in financial difficulty.

Educated in the United States where he obtained a Bachelor's degree in economics and business administration, Mr Chalermphand completed his doctorate in economics from Kensington University.

Even before he joined the party, Mr Chalermphand's family connections with the party dated back to its founding fathers.

His father, well-known aristocrat, Praya Srivikornarith, was a close friend of former party leaders Kuang Apaiwong and M.L. Seni Ramoj. But he says this close connection was not the reason he joined the party.

"I was impressed by the democratic system in the party. In my personal view, I think the Democrat Party is the only party which really has democracy. No single person controls the party; it belongs to every party member, who can criticise the party.

"We don't have a personality cult like some parties do and I am proud of the Democrat Party," he said.

Mr Chalermphand was elected party secretary in 1979, but resigned that same year after the party was humiliated in the April general elections, in which it gained only 33 seats compared to the 114 in 1976.

He became a deputy leader under the leadership of Dr Thanat Khoman but resigned from the post in 1982, citing personal reasons. He maintained a low profile in party activities until last year, when was once again asked to become deputy leader.

Mr Chalermphand says he holds no personal grudge against current party leader Bhichai Rattakul, to whom he and the late Mr Damrong Lathaphipat gave support as party leader in 1982. And today, he still holds Mr Bhichai in high esteem.

However, he has criticised Mr Bhichai for the latter's handling of party activities, saying the leader failed to use "democratic means" with regard to certain party issues, and it was precisely this that Mr Chalermphand says he could not tolerate.

The businessman said the fight for the top spot was being conducted purely within the realm of democracy, adding that if elected, he would continue to make sacrifices to strengthen the party and handle affairs with honesty and dignity.

"We will accept the mandate of party members. Should we lose, we will accept it and not move to discredit the party," he said.

● While controversy within the Democrat Party intensified, party leader Bhichai Rattakul — comparing his role to that of a "mother hen who refuses to peck at her chicks" — declined to comment on the party's internal squabbling.

PAPER QUESTIONS DIRECTION OF NATIONAL LEADERSHIP

Bangkok SIAM RAT in Thai 25 Nov 86 p 8

[Editorial: "Who Is Governing the Country?"]

[Excerpts] At a meeting held by farmers in Chonburi last Sunday, Gen Chawalit Yongchaiyut, the RTA CINC, said that he will support Kittiwuttho's plan to build 2,000 small rice mills at various temples. This will help ensure that the farmers are paid a fair price for their rice.

Gen Chawalit said that he will request funds from the government. We don't know on what authority he will make this request. Because at present, Gen Chawalit does not hold a cabinet position. And if he requests cooperation from the minister of agriculture and cooperatives or the minister of commerce, is this meddling in their affairs? Gen Chawalit is just a regular government official. His good intentions might be construed to mean that he is trying to win political support. And you can't prevent people from thinking that. The best way would be to discuss this matter privately. There is no reason to worry about lack of results. In the past, there was an RTA CINC who frequently spoke out and criticized the administration of the government and who acted as if he were a minister. In effect, this amounts to bypassing the government. This will confuse the people, who will view the government as having little importance or meaning. This is bad for a parliamentary democracy in which there is a clear separation of powers.

As for Kittiwuttho at Chittaphawan, it has long been known that he is a very modern monk who does not want to allow the Buddhist Order to become outmoded or be limited just to spreading the Buddhist teachings. He wants monks to play a role in supporting society. There is no need to comment on his views and actions here, because much has already been said about him.

The turmoil here is growing. This is because people refuse to limit their actions to their spheres of duty. This is true even of the cabinet. If this is allowed to continue, more and more people will come forward, claiming that they know how to solve the problems. This will make it even more difficult to govern the country.

11943

CSO: 4207/83

## STATUS OF PROBLEM BANKS EXAMINED

Bangkok THE NATION in English 31 Dec 86 p 25

[Text]

THERE was no question that the balance sheets of the commercial banks for 1986 were out of the ordinary. Meanwhile, attempts by some banks to try to put their own house in order were still short of success. Borrowers were not getting the full benefits from lower interest rates because of prevailing economic recession while banks tightened grip on credit to prevent further deterioration in the quality of their loan portfolio.

The most frustrating issue faced by bankers during the year was the excess liquidity in the financial system reaching a peak of more than 50,000 million baht. All the non-performing assets imposed limited on the commercial banks' ability to generate profits while the amount of bad debts were accumulating as corporate borrowers delayed loan repayment due to economic recession.

The remaining option to improve profit was to cut interest rate to boost credit. Large corporations, indeed, went offshore to take advantage of lower foreign interest rates having already been provided with an assurance by the Bank of Thailand that the value of the baht against the US dollar would be stabilized. This aggravated the excess liquidity situation.

The picture reflects the best example of the interdependence between the local and foreign financial markets and the various monetary instruments available.

The year, nevertheless, started positively as the Bank of Thailand seemingly shot off to end the debates, at that time, on whether

banks themselves or the authorities should take the lead in announcing interest rate change.

It was the Bank of Thailand, which set the ball rolling, by announcing the cuts in official ceiling on deposit and loan rates not just once but twice in January and then in March.

The market force then started to play its role because no one was going to the banks to seek new loans. Subsequently, the Thai Bankers' Association announced three cuts in interest rates — in April, July and September.

The competition on deposits, which was much fought for in recent years, became a non-issue for once and banks began to call up customers to offer more credit as the excess liquidity situation became more serious. The commercial banking system at the half-year mark announced profit decline by about 40-50 per cent, the worst performance in recent memory.

The year was not one that has seen significant changes in the structure of the commercial banking system. It was, rather, one of inhouse clean-up where bad experience in the past two to three years of recession has forced commercial banks to rethink their strategy and the public appears to think that the banks would succeed.

Towards the end of the year, lower interest rates encouraged investment in the capital market and share indices of commercial banks began to climb. The public's confidence encouraged banks to raise more capital by issuing new



shares (whether to offset their bad debt or because of expected increase in loan demand in 1987).

Perhaps, ranking high in the confidence of the public, is the clear signals of the Bank of Thailand to help banks out during the hard time. Examples are as follows:

- Allowing banks to undertake bond swaps to help improve their earnings.

- Assuring the public that the Fund for Rehabilitation and Development of Financial Institutions (FRDFI) would buy up shares of banks left unfulfilled in order that they would complete the amount of the capital increase as planned. A clear example is in the case of Siam City Bank.

- Lowering interest rates on rediscount facility to create more demand for commercial banks' credit which, at the same time, complements the goal to boost the country's exports further.

- Permit banks to hold more foreign currencies, thus, providing room for banks to utilize their excess liquidity.

With these assistance, banks, especially the ones that were in a position to do so, began to streamline their operations. Particularly noticeable was an expansion in the division that is taking care of financially-ailing corporate customers whose problems became more apparent in 1986.

Meanwhile, new strategies were under consideration by top executives of each banks on how they would earn more profits. These ranged from proposals to increase the various fees such as for documentation and automatic teller machines to involvement in the trading of various monetary instruments. (Securities firms were already upset by banks' involvement in private placement of bonds issued by a state enterprise undercutting their business).

The year also saw three banking decrees sail through Parliament after the issue loomed into a political crisis last year. One of the most important clauses were ones that give more power to the Bank of Thailand to deal with financial crisis and with speed and in an effective manner. It did not take the central bank long before its authoritative vehicle, the Fund for Rehabilitation and Development of Financial Institutions, struck against less imprudent commercial banks.

Major banks, meanwhile, have announced that the financial system would see improvement in their profitability next year and growth in credit could exceed 10 per cent compared to a mere 10 per cent registered during the first 10 months of 1986. The deposit growth rate, which the Thai Farmers Bank predicted would be around 12 per cent in 1986, would remain more or less the same in 1987.

Thus, banks' customers are likely to pay more for cost of fund and the use of bank's services next year. The question is about the extent to which the Bank of Thailand would intervene to protect consumer while allowing the banks to increase their earnings appropriately.

Meanwhile, as for inhouse changes occurring at some banks in 1986: Here's a brief summary:

- **Bangkok Bank:** The bank made two announcements to reorganize the structure of corporate executives giving rise to some confusions in the financial markets. Bangkok Bank has also streamlined its loan structure and the attempt to "grow with quality" will continue next year and the stress for business expansion would be on its merchant banking division.

- **Thai Farmers Bank:** It was rated as the best managed bank in Thailand by Thai bankers and plans to increase its lending by 12 per cent in 1987.

- **Siam Commercial Bank:** The public responded positively to its plan to increase registered capital by 529.1 million baht to 1,200 million baht. It attempts to catch up with the Bangkok Bank and Thai Farmers Bank in terms of the quality and reliability of research papers and remains as one of the leaders in electronic banking.

- **Siam City Bank:** It still fails to find solution to fulfill a capital increase of 1,000 million baht but its ability was assured after the Bank of Thailand has announced that the subscribed shares could be bought up by the Fund for Rehabilitation and Development of Financial Institutions. This would, however, lead to changes in the ways the bank is run.

- **Bangkok Metropolitan Bank:** The strong family ties appear to be fading as Sumeth Toppabul resigned from the board and was replaced by Chairman of the Securities Exchange of

Thailand Dusdee Svasti Xuto who is expected to bring some more executives into the organization of the bank. BMB plans to increase its capital by 500 million baht next year.

- **Bank of Ayudhya:** It also plans to increase its registered capital by 500 million baht next year which will bring the total to 1,500 million baht.

- **Bank of Asia:** Moved into an elegant "robot-style" new head office and plans to grow ambitiously during the next five years.

- **Bangkok Bank of Commerce:** The bank chaired by M.R. Kukrit Pramoj, saw a replacement of its Managing Director Thanit Bialputra and an entry of former Bank of Thailand's officials. It took tough actions against bad debtors and plans to become a listed company in SET. Internal reorganization continues.

- **First Bangkok City Bank:** The bank, which saw two new appointments of presidents in 1986,

at first threatened to become another Asia Trust Bank. But the case was handled quite tactfully although the number of new shareholders brought in was less than expected. It is trying to reclaim foreign assets allegedly mishandled by former president Kamron Tejapabul. There is a lot of expectation on what the latest president, Sunthorn Arunanondchai, could do for the bank in a recovery plan.

- **Krung Thai Bank:** Trying to change its image under a new executive team led by Executive Vice President Rerngchai Marakanond. Succeeding in trying to come to grip with its major debtors, the state-owned bank still hopes to become the "lead" bank for the financial systems.

- **Sayam Bank:** Finally received soft-loan facility from the Bank of Thailand although the amount was short of what it originally requested. Rumours of a merger with the Krung Thai Bank surfaced now and then.

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CSO: 4200/292

## CENTRAL BANK EASES RULES TO HELP ECONOMY

Bangkok THE NATION in English 10 Jan 87 p 17

[Text]

**SENIOR** officials of the Bank of Thailand yesterday informed the Executive Committee of the Thai Bankers' Association of a move to relax banking regulations and expanding credit base to complement measures adopted to speed up the recovery of Thai economy.

Central bank spokesman Siri Ganjarerndee disclosed that the set of improved measures to "liberalize" the banking system was announced to the bankers by Deputy Governor Chavalit Thachanan, who chaired the meeting. Four issues were discussed.

The first involves the setting of a new ratio of credit in relations to deposits to be extended to the agricultural sector. The ratio is to be brought up from 13 per cent to 20 per cent.

The classification of the agricultural credit was expanded to include regional loans and direct loans to farmers as well as all loans to small industries at less than three million baht each. Banks are required to allocate 14 per cent of their deposits as loans to these sectors and the rest or six per cent to agri-business and millers.

Siri explained that the regional credit did not include loans extended to concerns located in Bangkok or the five surrounding provinces. This would ensure that any loopholes would be blocked with expansion of the base of banking business because in the past, the classification of credit was defined based on the types of operations of borrowers.

He said that if any bank branches could not extend sufficient credit to the respective regions where they are located, they could switch the credit to other regions.

The Bank of Thailand, however, would be treating foreign bank branches differently because they do not have regional networks. Foreign bank branches might be required to make deposits with the Bank for Agriculture and Agricultural Cooperatives or to comply with another set of agricultural credit regulations, he said.

The Bank of Thailand has also insisted that commercial banks issue more domestic letters of credit so that more rediscount facility can reach medium-size firms and exporters. The questions of incentives would be subject to a discussion latter covering also the lowering

risk and preventions of problems associated with DLC.

The third issue concerns the insistence by the Bank of Thailand to encourage the eventual formation of a national pool for the automatic teller machine operations. The central bank argued that such formation would benefit banks' customers and reduce costs for banks.

A successful formation of the national ATM pool would see the termination of the regulations on ATM quota and installation of machines outside bank branches, the central bank promised the bankers who in turn agreed with this proposal.

Meanwhile, he said that the establishment of the Export Credit Guarantee Fund would kick off with an initial funding of 160 million baht with an aim of expanding it to 400 million baht.

The fund increase would be contributed by the Industrial Finance Corp of Thailand at 40 million baht and another 40 million baht by insurance companies and international organizations. The Bank of Thailand has asked the Thai Bankers' Association to chip the remaining 160 million baht.

The Fund, according to the

spokesman, would be used as an instrument for building up confidence of exporters by making available pre-shipment financing for export manufacturers.

Secondly, the Fund would provide protection against risk for exports to new markets in a form of post-shipment financing and thirdly to act as a guarantor for contractors working overseas.

The central bank has asked for an assistance from the TBA to lower loan rate to the Liquidity Fund from 9.75 per cent to eight per cent effective during January 15-December 16. TBA is said to try to convince its members to comply with this request.

Siri said that the Bank of Thailand has also relaxed the regulations governing the operations outside the bank premises such as taking deposits from government agencies, salary payment to civil servants and foreign exchange service outlets.

The commercial banks from now on could proceed with these operations without seeking approvals everytime. Banks could also appoint executives below the positions of branch managers without having to seek approval.

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CSO: 4200/292

## CENTRAL BANK ROLE IN SIAM CITY BANK CRISIS

Bangkok THE NATION in English 11 Jan 87 p 9

[Text]

**W**HATEVER THE outcome of the saga surrounding Siam City Bank, Bank of Thailand Governor Kamchorn Sathirakul is bound to be the main casualty of the intrigue.

What initially appeared to be a simple issue of the central bank advising a problematic commercial bank what to do to shore up its position has become a political uproar of sorts. Somehow, Kamchorn has let himself get entangled in the web of indecisiveness, business interests, personal connections and political complication.

The issue started off as an instruction from the central bank two months ago for Siam City Bank to raise its capital by 1,000 million baht by the end of 1986 and another 500 million baht this year to wipe out doubtful assets and losses which could be as high as several thousand million baht.

The major shareholders of the bank, Dilok and Charod Mahadumrongkul, appeared at first to be complying with the order. But soon, it was clear that the task was a formidable assignment. There was no way that the new fund could be raised within 45 days. As the deadline drew closer, new intrigues came into play.

As early as two months ago, Finance Minister Suthee Singhasaneh told the governor of the central bank to "act fast and tough" on Siam City Bank so that the matter wouldn't snowball into a political "hot potato." But Kamchorn was said to have convinced himself that he could probably talk the major shareholders of Siam City Bank to comply with the instruction without having to resort to the drastic step of the central bank or the Fund for Rehabilitation and Development of Financial Institutions to step in.

Kamchorn's optimism was probably bolstered by the Mahadumrongkuls who told the central bank governor before the Dec 31 deadline that they were trying every possible means to get the new fund. Kamchorn waited while critics were clearly skeptical about the ability of the Mahadumrongkuls to meet the deadline. After all, the existing shareholders would be hard pressed to locate their own financial sources to buy up the new shares sufficient to maintain their ratio of the shareholding structure. Secondly, chances of a management shakeup were looming. The writing was on the wall: a new management might have to be installed even if the

Mahadumrongkuls could raise enough capital.

Central bankers were working on various options at the same time. The Crown Property Bureau was asked to consider buying up the majority shares in the new setup of Siam City Bank. Finance Minister Suthee, who is chairman of the CPB's board of directors *ex-officio*, reportedly rejected the move on grounds that the investment wouldn't be in line with the CPB's general policy of not getting directly involved in a major scheme of this type.

At the same time, Siam Commercial Bank's top executives were approached for talks. The discussions between Siam Commercial Bank's Executive Chairman Prachit Yossundara and President Tarrin Nimmanhaemunda and the central bank governor covered a wide range of options but Siam Commercial Bank, while interested in taking over Siam City Bank, wasn't ready to come in with any substantial investment in cash. According to informed sources, Siam Commercial Bank's conditions were tough: The Crown Property Bureau could buy up the majority equity of Siam City Bank and Siam Commercial Bank would run the other bank with the eventual objective of merging the two.

"Siam Commercial Bank clearly saw a golden chance to add 99 more branches (Siam City's network) into its operations, thereby making a giant leap forward for the bank but, understandably enough, Siam Commercial Bank isn't ready to make any major investment in shares whose book value is anything but attractive," said an informed source.

The negotiations between the central bankers and Siam Commercial Bank didn't proceed too well as the heat escalated with the Dec 31, 1986 deadline drawing near.

The other option that was also under consideration was for the

fund to step in with the new investment while the central bank gets a professional management team to take over Siam City Bank. Soft loans and liquidity facility were all set for such a move and even the new president for the bank had been nominated. This option remains under consideration as the confusion erupted after the New Year's celebrations.

"In the case of First Bangkok City Bank, the central bank adopted the third option — reducing the capital value from 100 to five baht per share, sending in a professional manager and injecting soft loans to shore up its position. But that was easily done because the Tejapaibul family members tried to cooperate with the central bank to maintain the reputation of that family although Kamron (Coro) Tejapaibul, the former proprietor, subsequently fled the country. But the resistance from the former shareholders was mild and short-lived. This time around, things are much more complicated. The major shareholders of Siam City Bank seem to be resorting to all possible means to block the central bank from reducing its capital value and taking steps to move them out of the picture," another informed source familiar with the inside goings-on of the issue told *The Nation*.

Confusion did rear its ugly head. Just before the Dec 31 deadline, the Siam City Bank's board decided to file a request for a three-month extension to jack up the capital, arguing that the 45 days given were far from adequate. The request was turned down but Governor Kamchorn was not ready to move fast. He was ready to talk things over. And the past week saw him holding talks with the Mahadumrongkul family on a daily basis, without any breakthrough.

Kamchorn apparently threw himself into a dilemma in his attempt to avoid a confrontation with the Siam City Bank's major

shareholders. He kept waiting for the new money to come in but only promises were given. Kamchorn was handling the issue almost all by himself. His aides at all levels weren't aware of what was actually happening. "Some of us might know some aspects of the governor's negotiations but nobody knows the whole picture, except the governor himself," said a central banker who said he was concerned for the governor's very own future as a result of the Siam City episode.

Dilok was going his part in trying to delay the central bank's plan to step in. He took along well-known lawyers to see the finance minister and Kamchorn.

The central bank governor was clearly frustrated. At one point, he told Dilok on the telephone one early morning late last week that the Siam City Bank's executives and shareholders must understand that he was trying to be as flexible as possible.

"But you people must realize that the Bank of Thailand's prestige is also at stake," Kamchorn was quoted as having told Dilok. But the Mahadumrongkuls weren't going to stop there. Some indications of growing defiance began to emerge clearly toward the end of the week. Dilok told Kamchorn that he was consulting legal experts on how he could protect his and others' interests if the central bank should reduce the bank's shares from the par value of 100 to five baht each. Some had bought the shares at 390 baht per share earlier.

Kamchorn was equally frustrated. He told Dilok at another point that if he wanted a three-month extension, he would have to talk to a new governor of the Bank of Thailand. To Kamchorn and others, it was increasingly clear that the issue might end up with a change in the person at the helm of the central bank.



Kamchorn has been thrown into an unenviable position: those who think he hasn't been strong enough in dealing with the case and those who have accused him of having been unfair to the bank on the issue are agreed on one thing: the central bank governor simply can't handle the job properly.

Even the finance minister appeared last week to have distanced himself from the governor. He responded to repeated questions from reporters by saying: "The Bank of Thailand is in charge of this issue. A deadline is a deadline."

One report said that last Thursday, the central bank governor drew up a draft in case the finance minister would have to exercise his authority under Articles 17 and 25 of the special banking decree to take control and suspend the Siam City Bank's operations. The draft was sent to the minister who did not respond one way or the other, according to one source, adding that Suthee insisted that the Bank of Thailand would have to take its own action with powers accorded under Article 24 of the amended Banking Act to order changes in a commercial bank as is seen fit.

Prime Minister Prem Tinsulanonda has been well briefed on

the developments of the issue. He reportedly told authorities concerned to "do whatever is necessary — but make sure you don't founder..."

Kamchorn continued to adopt a conciliatory gesture. Last Friday, when the crisis had already entered its ninth day after the expiry of the Dec 31 deadline, he was still on the phone negotiating with the major shareholders of Siam City Bank. He was told this time that a list of 20 well-known names had agreed to buy up the new shares. Some of the names, according to informed sources, included a present deputy prime minister, a former Cabinet member who is also a business tycoon and many other famous personalities. The central bank governor continued to express an optimistic tone, saying that he was "more or less satisfied" with the verbal pledge on Friday and had asked the bank to produce the proof in writing on Monday (tomorrow).

Much skepticism prevails. The game has dragged on for over a week and, as the complicated events unfolded, it appears that tomorrow is as crucial a D-Day for Siam City Bank's shareholders as that for the central bank governor as well.

## SUMMARY OF AGRICULTURAL PROBLEMS

Bangkok THE NATION in English 1 Jan 87 pp 15, 17

[Text]

**THE old clichés about Thailand being an agricultural nation and farmers being its backbone are rapidly becoming out of date. Agriculture is in decline and although successive governments pledge their commitment to farmers, agriculture and rural development, they have achieved little in the face of weak world prices.**

In 1986 various agricultural issues received headline treatment and one minister lost his job, but at the end of the year depressingly familiar arguments could be heard, with a few new ones thrown in to add to the gloom.

Most estimates suggest that the agricultural sector as a whole contracted in 1986 despite some growth in a few areas, mainly connected with food processing. The Bank of Thailand recently predicted that the sector's production would have contracted by 0.2 per cent by the end of the year, and that agriculture itself would have contracted by 1.5 per cent.

Just how poor that performance has been is clear when it is compared with growth for the whole economy, estimated at about 4 per cent. Two-thirds of the population have been suffering a decline in farm production and incomes at a time when the rest of the economy has been experiencing the sort of growth that makes the rest of the world envious.

Farmers have made up for some of that decline by obtaining incomes off the farm. The main drift of policy for improving the rural economy under the Sixth Plan, which took effect in October, is small scale rural industry, rather than farming.

While the National Economic and Social Development Board has set an average of 5 per cent per year for the growth of the whole economy in the next five years, its target for agriculture is only 2.9 per cent. The Thailand Development Research Institute's forecasts would make that target optimistic. It predicts only 2.4 per cent growth for agriculture in 1987, the best year of the five. Between 1988 and 1991, according to TDRI's economists, agricultural growth will be between 1.3 and 2.2 per cent.

The crops that hit the headlines most frequently were rice and tapioca. Rice proved to be the downfall of Commerce Minister Kosol Krairiksh, while his successor, Surat Osathanugrah, survived controversies about the new tapioca agreement with the EEC.

The new US Food Security Act was also in Thai headlines, mainly for its impact on rice, although sugar, maize and other crops were also directly or indirectly affected. As with other issues of contention between Thailand and the United States, the so-called Farm Act was a subject of discussion when

American officials, politicians and lobbyists visited Thailand. The main message conveyed was that Thais should try to understand better the American needs that led to protectionism and subsidies.

Agriculture also became a leading feature of Thailand's foreign policy, with the formation of the "Cairns Group" of agricultural exporting nations. Born out of a number of groupings of countries concerned to see agricultural trade liberalized, the group was formed mainly to lobby in the new "Uruguay" round of multilateral trade negotiations launched at the GATT ministerial meeting in Punta del Este, Uruguay, in September.

Officials from the Cairns Group first met in Pattaya in July, and the group was formally launched the following month at a ministerial meeting of the 14 in Cairns, Australia. But the original title, "non-subsidizing agricultural exporting countries" — and a later one, "fair traders in agriculture" — has now slipped away. None of the fourteen was ever a non-subsidizing country, and now Canada, one of the fourteen, appears set to embark on a subsidy programme to match that of the United States and the EEC.

Nevertheless, many observers have hailed the formation of the Cairns Group as a step towards recovering the sanity of agricultural trade and reducing some of the domination of the two industrial blocs in international trade forums.

## RICE

For some reason, 3,000 baht per tonne has become the benchmark price for paddy. On that basis, the government's rice policies would be condemned as abject failures, for the price of best grade paddy (excluding more exotic varieties such as fragrant rice) hardly rose above 2,400 baht in 1986.

The debates about what the government should or should not do centre on two main areas: how much money the government should spend on rice, and what it should spend the money on. Related to those questions was one about any actions the government should take to deal with the US Food Security Act.

The year began with emotions running high. Commerce Minister Kosol Krairikah had sought to force paddy prices up to the magic 3,000 baht figured by a combination of regulatory measures. Exporters were cartelized to prevent them undercutting each others' prices. Millers were offered cheap credit provided they stuck to announced prices that were to be enforced by law and held the regulation levels of stocks.

But exports dried up and farmers were unable to sell rice at the legal prices. Critics blamed the whole philosophy of the policy for the disruption to sales. Kosol blamed his colleagues in government for failing to come up with sufficient money to support the policies. Farmers demonstrated and were supported to some extent by opposition politicians. Within a few days Kosol was gone and seven months later he lost his seat in Pitsanulok.

Pol Capt Surat Osathanugrah overturned Kosol's policy completely and reshuffled the top echelon of Commerce Ministry officials as soon as he took office. The speed of the announcements suggested that they had been planned even before Surat's official appointment.

Since then, rice policy has been based on free trade, the argument being that more exports raises domestic prices, even if competition to export drives export prices down.

But the commitment to free trade in rice has been incomplete. Within weeks of taking office, Surat was reported to have suggested to exporters a return to the cartels Kosol had tried to set up. Exporters are said to have rejected the suggestion outright.

Towards the end of the year, Surat's replacement, Montree Pongpanich, reportedly suggested a return to another of Kosol's ideas, requiring millers to stock rice. This, too, the millers are said to have rejected.

Despite much clearer stated commitments by Surat, Montree and other ministers to free trade in rice, tendencies to regulate the market are likely to persist. Observers have noted that *laissez-faire* deprives politicians of the opportunity to claim results for their policies. It is much easier to go

back to the electorate claiming to have done something than to simply say that the market has been left to its own devices.

Moreover, the Commerce Ministry is severely divided. Although the factions are centred on personalities, there are differences in approach to policy. As part of the move towards free trade, Surat transferred Director General Bajr Israsena from the Department of Foreign Trade in January. Bajr had been closely associated with the cartels and stockholding requirements introduced by Kosol.

Bajr was also a leading figure in the faction opposed to the one close to Surat when he took office. Among those Surat consulted was Danai Tulalamba, by then at ACM Siddhi Savetasil's Foreign Ministry following an earlier squabble with Kosol.

Later in the year, following much speculation and comment, Surat appointed Bajr as permanent secretary. Given his belief in regulating the trade, Bajr's advice, when sought, is likely to continue to that vein.

By that time, Surat's departure was imminent. His replacement, Montree, said he would continue Surat's policies, but Prime Minister Prem Tinsulanonda had grasped the opportunity of the changeover and taken the unusual step of demoting the Commerce Minister to deputy chairman of the committee in charge of rice policies. Prem put Deputy Prime Minister Sontee Boonyachai in the chair, apparently to give the committee a non-partisan and higher-powered leadership, but the appointment soon came under fire because Sontee knew little about the rice trade.

The committee came up with a confusing set of measures involving intervention buying by a number of agencies and cheap credit for various participants in the trade. But the sum total of the support comes to no more than about 1,000 million baht of government money, barely 4 per cent of the support the American rice industry receives from its government.

The feature given most prominence is the 5,000 million baht being offered in soft loans mainly for mills, but the actual subsidy — earnings forgone by the government as a result of charging low interest — is worth a few hundred million baht.

The government says it cannot afford to give more financial support to the rice industry than that. Some critics say it could if it changed its priorities. Across-the-board export subsidies were also advocated by some as a means of lifting domestic prices effectively — a route the government seemed to reject although there was some vague talk of money going to support exporting and "secret funds" which the Commerce Ministry could use.

Meanwhile, exporters were continuing to sell. Despite dire forecasts earlier in the year, the volume of rice exports probably just reached 4.3 million tonnes, the second highest level ever, as the Americans have repeatedly pointed out.

The value fell, however, partly because of a higher proportion of low grade rice, and partly because of the US Farm Act which has indisputably caused world prices to fall. Thailand and the United States differ in their interpretation of the prices announced by the US Department of Agriculture every week. The USDA and the US rice industry say the prices simply reflect prevailing world prices though the intention is to make US prices competitive. Thailand argues that the USDA's prices actually set world prices.

The Farm Act came into force in April, and although there was a brief recovery in USDA and world prices in July and August, the year ended with further declines. The USDA's prices fell to their lowest levels since the Act came into force and Thai high grade 100% B white rice was being exported at about US\$170 per tonne FOB compared with about \$180-190 in the middle of the year and about \$200 before the Act came into force.

Thai sales continued in Asia, Africa and Latin America. For a time it seemed that Thailand might not be able to sell to Europe at all, but later exporters reported some recovery in orders. Unusual demand from Brazil softened the impact of the Farm Act.

By most accounts, 1987 will be another hard year for rice, with exporters predicting even stiffer competition from the Americans.

## **TAPIOCA**

Tapioca went through a year of political and trading confusion that threatens to continue into 1987.

despite the signing of the new agreement with the European Economic Community, Thailand's major buyer. Prices of cassava roots were good and although farmers were encouraged to plant more, a price collapse in the new year may not take place as earlier feared because the increase in supply might not be as large as earlier expected.

One of the most vocal critics of the government's handling of negotiations with the EEC, Dr Chirmsak Pinthong of Thammasat University, warned in 1985 that commerce ministers who sign tapioca agreements with the EEC tend to come a cropper shortly afterwards.

His jocular predictions turned into reality twice in 1986. On December 3, 1985, the then minister, Kosol Krairiksh, signed a protocol and memorandum of understanding with the EEC amounting to a draft new agreement to replace the one signed in 1982. By mid-January, Kosol had gone — because of rice.

Some observers of the political scene in Pitsanulok, Kosol's constituency, also blamed his failure to defend his seat there in July partly on tapioca. They said farmers complained that Kosol had advocated that they should stop growing cassava and plant other crops as part of the government's crop diversification policy. The farmers did what he told them and found that their neighbours were selling cassava at much better prices than the alternative crops.

With rice and the US Farm Act dominating the headlines in the beginning of the year, Kosol's replacement, Pol Capt Surat Onathanugrah, had little time for tapioca. At the end of 1985, Thailand had notified the EEC that it was discontinuing with the present agreement which would now terminate at the end of 1986. Officials said this was a routine move to enable a new agreement to be signed. They said there would be little trouble working out the final details and there was plenty of time since the new agreement would not

come into force until the beginning of 1987.

Suddenly in May, after a general election had been called for July 27, officials described the need to conclude the new agreement as urgent. A date was fixed, and a detailed schedule was worked out right down to the time the new agreement should be signed, even though the National Cassava Policy Committee was still under Cabinet instructions to reconsider the proposed 21-million-tonne quota for 1987-90 and some legal aspects of the draft agreement.

Despite a considerable amount of comment, Surat and his officials persuaded the Cabinet to allow them to travel to Brussels a planned. The Cabinet sought alternations or clarification to legal details of the agreement and the Thai public were entertained with detailed arguments about the importance of being recognized under the General Agreement on Tariffs and Trade as the "principal supplier" of tapioca.

Surat signed the new agreement on Friday May 23 at 10.30 am in Brussels, sticking to the original schedule so religiously that some suggested the precise time had been set by an astrologer. In order to secure EEC agreement — not an easy task given the diverse interests within the EEC, particularly intense opposition from France and other grain-growing lobbies — Thailand's negotiators fulfilled Cabinet instructions by obtaining "agreed minutes" as an appendix to the agreement.

The critics were not satisfied, but the Cabinet accepted Surat's report and ministers dispersed for the election campaign.

Surat was re-elected and re-appointed as commerce minister but as if to prove Chirmsak's forewarning, within weeks he too was gone, felled by a pile of logs.

Surat's critics over the negotiations with the EEC were mainly economists and lawyers. Exporters accepted officials' arguments that it would be difficult to secure a better agreement with the EEC, although some pelletizers joined in the criticisms.

Exporters were far more vocal over Surat's handling of the way the quotas were allocated among exporters. He chopped and changed, sometimes ordering large allocations, sometimes small ones, and finally postponed the first of seven allocations for 1987. Some exporters complained that the inconsistency prevented them from conducting trade properly. Others spoke to the press to deny that they were receiving special favours from Surat through the alternations. Surat argued that his policies were designed to protect the interests of farmers by preventing excessive price fluctuations.

Surat's replacement, Montree Pongpanich, promised to restore order to the allocation system, but the EEC delivered a Christmas present that threatened to bring back turmoil.

Under the agreement with the EEC, the Community undertakes to allow imports of tapioca within the quotas so long as they are granted Thai export licences. In other words, the Thai government controls the quotas and any "economic rent" accruing from the quotas. Just before Christmas, the EEC decided to control the quantities of Thai tapioca imported in each quarter of the year and set a limit of 1.316 million tonnes in the first quarter of 1987.

The decision still awaits clarification possibly on January 5 when Europe starts working again after the New Year. The EEC Commission is under pressure from a number of sides because of negotiations with China and Vietnam over imports of tapioca and sweet potato from those countries. European grain growers, such as those in Denmark, are reported to have accused the EEC's Commissioner for Agriculture, Frans Andriessen, of favouring livestock farmers in his own country, the Netherlands, by encouraging imports of maize substitutes.

The *Financial Times* recently reported that the chairman of the Danish Corn Producers Association called for Andriessen to resign following negotiations with the Chinese. Andriessen is the commissioner who signed the agreement with Thailand.

There is speculation that the EEC made its decision to control Thai imports in a hurry before the Christmas and New Year break as part of a move to control imports of all cereal substitutes for animal feed, and that officials failed to look closely at the wording of agreement with Thailand. There is also speculation that the EEC's move is in retaliation to Thai restrictions on milk following a scare over radioactivity. All this should be clarified in the New Year.

If the EEC does go ahead with its intention to limit tapioca imports in the first quarter of 1987, a drastic fall in prices is likely, according to the Thai Board of Trade. The reported limit is 1.316 million tonnes. As allowed by the agreement, 240,000 tonnes was borrowed for use in the last quarter of 1986. A 730,000 tonnes was licensed for export under the first allocation for 1987. That would leave only 340,000 tonnes for the second allocation, scheduled for mid-January.

"This is inconsistent with production in Thailand and will cause a definite fall in tapioca prices," the Board of Trade says in its latest report.

It is not clear what the status of that "borrowed" 240,000 tonnes is. But the Commerce Ministry has already announced that the second allocation will be made the day after the January 15 stock checking and that 15 per cent of stocks will be allocated automatically. An additional allocation could be made on January 20. Exporters have given the announcement a mixed reception.

The first 11 months of 1986 show a marked fall in exports of tapioca pellets to countries outside the EEC: 0.7 million tonnes compared with 1.5 million tonnes in the same period of 1985.

Sales outside the EEC are generally at much lower prices, sometimes at below cost, because "bonus" quota allocations are granted for exports to the EEC in proportion to amounts exported to countries outside. The EEC market is a lucrative one because of the quotas and because of the EEC's commitment to allow tapioca in at a low import tariff while cereals cost much more and have higher import levies.



In the first 11 months of the year, exports to the EEC totalled 4.6 million tonnes, compared with 4.3 million tonnes in the same period of 1985. The old agreement set declining quotas for the period 1982-86. The new one sets an average of 5.25 million tonnes per year for the next four years, which is a return to the level of 1983-84 although the Community has now expanded to include Spain and Portugal, both of which import tapioca.

The main markets outside the EEC are the Koreans, the Soviet Union, Japan and Taiwan. The future volume of exports to these countries depends on the size of the harvest, which in turn, depends on prices and farmers' decisions about when to dig the cassava root up — they can do so at any time between eight months and two years after planting.

There are reports of unusually large amounts of young cassava roots being dug up because of good prices. This would cut the total output down from the bumper harvest originally predicted and reduce the tendency for a price fall. Good prices for cassava roots continue to thwart the government's efforts to encourage crop diversification.

## OTHER CROPS

Some farmers report that maize is becoming a cheaper crop to grow than tapioca, despite tapioca not requiring expensive inputs such as fertilizer. Labour costs of digging up cassava roots are said to be the main reason in some areas of the country.

But maize prices in general are now higher domestically than for export because of a shortage of supply. The crop has suffered from drought, which is good news for maize growers who escaped the drought.

In some areas yields are reported to be increasing as farmers turn to new varieties. Some five to six million rai have been planted, about one fifth of it with the new varieties. Yields for the new varieties average about 500 kg per rai, compared with 300 kg for traditional varieties.

Traders report an increase in the proportion of red sorghum grown. These hybrids are of higher value than the white variety and do not contain cyanide.

Soybean prices have also remained high as the government continues to deliberate over whether it should allow free imports.

## RICE EXPORTS UP 400 PERCENT

Bangkok BANGKOK POST in English 14 Jan 87 p 3

[Text]

RICE exports in early January reached 120,000 tons, an increase of about 400 per cent over the same period last year, PM's secretary-general Prasong Soonsiri said yesterday.

He said after a meeting of a committee on government performance follow-up that exports could reach 300,000 tons at month's end.

Squadron-leader Prasong quoted interior, commerce and agriculture officials as saying government efforts to shore up paddy prices have achieved "certain" results.

An official attributed the jump in exports to a sales offensive launched by the ministry, which is negotiating a sale of 75,000 tons of rice to Mauritius.

A delegation will fly to Iraq next week for talks.

Of the 5,000-million-baht re-discount facility, some 762 million has been extended by the Bank of Thailand to commercial banks since last November. Under the scheme, banks will extend credit to millers who in turn buy paddy from farmers.

So far, Sqn-ldr Prasong said, about 400,000 tons of paddy has been bought from farmers and more funds are expected to be drawn from the central bank next month.

The Interior Ministry said the average paddy price it offered to poor farmers in 29 provinces was 2,577 baht a ton, an increase by 277 baht from the

market price of 2,300. Fifty-two provinces are under the ministry's programme.

Interior Ministry permanent secretary Pisarn Mulaseanthorn said efforts to bolster paddy prices could be effective if the ministry obtained 800 million baht, as against the 400 million allocated to it.

However, he said most farmers were satisfied with the ministry's price-stabilising programme.

The Bank of Thailand's banking department director Vichit Suping said the central bank had eased some regulations in its extension of credit to commercial banks in order to help millers obtain loans.

Of the 919 Millers' Association members, about 700, some financially strapped, had obtained loans, he said, and only disreputable millers were denied credit.

Mr Vichit said the Bank of Agriculture and Agricultural Cooperatives has so far extended 57 million baht to farmers who pledged their paddy as collateral. He said the size of loan was satisfactory.

Some commercial banks with high liquidity even offered loans to millers at three-per cent interest — the same as that charged by the central bank — without necessarily turning to the central bank's re-discount facility, Mr Vichit said.

PEOPLE'S REPUBLIC OF KAMPUCHEA

HUN SEN CONTRIBUTES TO AFRICA FUND COMMITTEE

BK270606 Phnom Penh SPK in French 0403 GMT 27 Jan 87

[Text] Phnom Penh, 27 Jan (SPK)--Hun Sen, chairman of the PRK Council of Ministers, sent warm congratulations to the summit meeting of the Africa Fund Committee.

In a message addressed to Rajiv Gandhi, president of the committee, the Cambodian leader says:

"At present, despite the unanimous condemnation of all mankind, the apartheid regime of South Africa, supported by U.S. imperialism and other reactionary forces, stubbornly continues its barbarous repression of the South African people and the Namibian people, and intensifies its acts of aggression, subversion, and terrorism against other independent African states."

"In implementing the correct resolutions of the eighth Nonaligned summit, the summit meeting of the Africa Fund Committee for solidarity with southern African states and the ANC and SWAPO liberation movements is of great importance."

"We are convinced that the joint efforts of Your Excellency and heads of states and governments attending the meeting will effectively strengthen the just and heroic struggle of people in southern Africa and will bring a major contribution to the total elimination of the abominable apartheid regime."

"As a gesture of solidarity with people in southern Africa, our government would like to contribute ten thousand (10,000) U.S. dollars to the Africa Fund. The PRK ambassador in New Delhi will be in charge of remitting this modest sum to the above fund."

"Good success to the meeting."

/6091

CSO: 4219/14

PEOPLE'S REPUBLIC OF KAMPUCHEA

LEADERS THANK INDIAN COUNTERPARTS FOR GREETINGS

BK140808 Phnom Penh Domestic Service in Cambodian 0430 GMT 14 Jan 87

[Text] Comrade Heng Samrin, chairman of the PRK Council of State, and Comrade Hun Sen, chairman of the PRK Council of Ministers, recently sent a message of thanks to His Excellency Zail Singh, president of the Republic of India, and His Excellency Rajiv Gandhi, prime minister of the Republic of India. The message noted:

On behalf of the Cambodian Government and people and on our own behalf, we would like to express our most sincere thanks to you for your greetings and best wishes sent to us on the occasion of the eighth national day of the PRK.

We are very happy to see that friendship and cooperation between Cambodia and India have been developing splendidly in the interests of our two peoples as well as of the peace-loving people in the world.

Availing ourselves of this occasion, we wish you good health and greater successes in your noble mission.

On the same occasion, Comrade Kong Korm, minister of foreign affairs of the PRK, has sent a message to His Excellency Narayan Dutt Wari, minister of external affairs of the Republic of India. The message noted:

I sincerely thank you for your best wishes extended to me on the occasion of the PRK's national day.

On this occasion, I wish you and the Indian people good health, happiness, and prosperity.

May the friendship and cooperation between Cambodia and India further develop in all aspects.

/6091

CSO: 4212/17

PEOPLE'S REPUBLIC OF KAMPUCHEA

LEADERS GREET INDIAN OFFICIALS ON NATIONAL DAY

Greetings Messages

BK270232 Phnom Penh Domestic Service in Cambodian 1300 GMT 26 Jan 87

[Text] On the occasion of the 37th anniversary of the declaration of the Republic of India, Comrade Heng Samrin, chairman of the PRK Council of State, has sent a greetings message to His Excellency Zail Singh, president of the Republic of India. The message noted:

I highly value the Indian people's valiant struggle for brilliant victories in the defense of their national independence, sovereignty, and territorial integrity and for the modern economy and the progress and well-being of the Indian people.

I am very satisfied with the relations of friendship, solidarity, and all-round cooperation between our two peoples which have been increasingly strengthened and developed in the interests of our two peoples and that of peace and stability in the region as well as in the world.

Availing myself of this occasion, I would like to express most sincere and deepest thanks to the Republic of India for all its support and assistance to the PRK in moral, material, and political fields, a great encouragement to the Cambodian people in their rebirth.

On the same occasion, Comrade Hun Sen, chairman of the PRK Council of Ministers, has sent a greetings message to His Excellency Rajiv Gandhi, prime minister of the Republic of India. The message noted:

I am very pleased with the correct policy pursued by the Indian Government under the wise leadership [words indistinct] the prestige of the Republic of India to soar highly in the international arena.

I am convinced that under Your Excellency's leadership, the Indian people will be able to surmount all difficulties and consequences caused by the enemy, strengthen their national unity, defend their territorial integrity, and succeed in carrying out their all-round modernization [words indistinct].

[Passage indistinct] the interests of our two peoples and in contribution to peace and stability in Asia and the world.

On the same occasion, Comrade Kong Korm, PRK minister of foreign affairs, has sent a greetings message to His Excellency Narayan Dutt Tiwari, minister of external affairs of the Republic of India. The message noted:

I highly value the important role of the Republic of India which is carrying on its activities, adhering to the stand of peace and independence, to defend the interests of the developing countries, thus causing the Indian prestige to soar highly in the international arena.

I am firmly convinced that the bond of solidarity, friendship, and multiform cooperation between Cambodia and India will further strengthen and develop ceaselessly in the interests of our two peoples and in contribution to defeating all dark maneuvers of the imperialists and reactionary forces.

#### Chea Sim Message

BK270541 Phnom Penh Domestic Service in Cambodian 0430 GMT 27 Jan 87

[Text] On the occasion of the 37th anniversary of the declaration of the Republic of India, Comrade Chea Sim, chairman of the PRK National Assembly, has sent a greetings message to His Excellency Bhagat, minister of parliamentary affairs of the Republic of India. The message noted:

I am very happy to extend cordial salutations and the warmest greetings to Your Excellency, the Parliament of the Republic of India, and the fraternal Indian people.

I highly value the role of the Republic of India in the international arena, particularly in Asia, in resolutely struggling against the warlike policy and arms race of the imperialists and their reactionary allies and for peace, security, and social progress of mankind.

I am convinced that our aspiration is to further strengthen the solidarity, friendship, and fruitful cooperation between our two countries and peoples, particularly between our two legislative organizations, in contribution to our common struggle for the interests of our two peoples.

I wish Your Excellency, the Parliament of the Republic of India, and the Indian people good health and greater victories in fulfilling their noble mission.

/6091

CSO: 4212/17



RADIO REPORTS WEEKLY THAI VIOLATIONS, KPRAF SUCCESSES

BK230225 Phnom Penh Domestic Service in Cambodian 1200 GMT 22 Jan 87

[From the "Weekly Roundup of Salient Events" feature]

[Excerpt] According to the latest report released by the spokesman of the Ministry of National Defense regarding last week's brutal actions of the Thai authorities, the latter continued to fire artillery barrages into Cambodia and use reconnaissance planes and armed boats to violate Cambodia's territorial integrity and airspace daily in a more and more complicated pattern along the Cambodian-Thai border in support of the Pol Pot bandit remnants and handful of other reactionary Khmer groups. Last week, the Thai authorities fired dozens of heavy artillery shells into the areas of Hills 321, 200, and 1,271 and several other flat country and hilly regions. On an average, the Thais fired a daily barrage of at least 20 to 50 shells and sometimes as many as 60 to 150 shells.

At sea, following the reconnaissance operations by several armed Thai Navy vessels, a large number of Thai fishing boats insolently sneaked in on 83 occasions to catch fish in our waters from 6 to 15 nautical miles around Kong and Tang Islands.

More remarkable was the fact that the Thai authorities sent their L-19's to reconnoiter and pinpoint important targets 33 times in Cambodia's airspace over the areas of the three countries' frontiers junction, Kingkok Mountain, Polpet, and Niradei from 1 to 2 km inside Cambodian territory.

However, despite the gross support of the Thai authorities, and although the three factions of bandits had split themselves into small groups to penetrate Cambodian territory in an attempt to conduct their so-called dry-season activities, a large number of the infiltrators did not escape from the punitive attacks of our armed forces, authorities, workers, and population who, as always, closely cooperated with the fraternal Vietnamese Army volunteers in dealing them most timely blows.

Last week, our revolutionary forces put out of action 155 enemy soldiers, including 83 killed and 36 captured, and seized 99 assorted weapons and a large quantity of war materiel.

/6091

CSO: 4212/17

PEOPLE'S REPUBLIC OF KAMPUCHEA

SRV PARTY LECTURERS VISIT REPORTED

KPRP Official Receives Lecturers

BK230644 Phnom Penh Domestic Service in Cambodian 0430 GMT 23 Jan 87

[Text] Comrade Khoy Khunhuor, member of the KPRP Central Committee and chairman of the Central Committee's Propaganda and Education Commission, cordially received in his office on the evening of 21 January the CPV lecturers delegation headed by Comrade (Phan Quang), adviser to the CPV Central Committee's Propaganda and Training Department and head of its Press Directorate, following a tour made by the delegation to visit Cambodia and explain the brilliant success of the Sixth CPV Congress.

In a joyous and cordial atmosphere, Comrade Khoy Khunhuor expressed welcome and deep thanks to the delegation for its very successful visit which contributed to the strengthening of the bonds of friendship, solidarity, and cooperation between the Cambodian and Vietnamese parties and peoples. He added that the Cambodian people always attentively followed the important political developments of the Vietnamese people and held that the brilliant success of the Sixth CPV Congress not only marked the advance of the Vietnamese revolution, but it also greatly contributed to the revolutionary cause of the three Indochinese countries.

In reply, Comrade (Phan Quang) highly appreciated the assistance given by cadres and employees of the KPRP Central Committee's Propaganda and Education Commission, making the delegation's lectures in Cambodia a great success.

He affirmed that through this visit the bonds of friendship, solidarity, and cooperation in the propaganda and educational field between the two countries will further develop.

Lecturers Complete Visit, Depart

BK240211 Phnom Penh Domestic Service in Cambodian 1100 GMT 23 Jan 87

[Text] A delegation of the CPV lecturers led by Comrade Phan Quang, adviser to the CPV Central Committee's Propaganda and Training Department and head of its Press Directorate, left safely for home on the morning of 22 January after visiting and giving lectures in the PRK for 10 days. Seeing the delegation off at Pochentong airport were Comrade Nim Thot, vice chairman of the Central Propaganda and Education Commission, and many cadres from the commission.

KOY BUNTHA GREET'S LAO COUNTERPART ON ARMY DAY

BK210221 Phnom Penh Domestic Service in Cambodian 1200 GMT 20 Jan 87

[Greeting message from Comrade Koy Buntha, PRK minister of national defense, to Comrade General Khamtai Siphandon, LPDR minister of national defense, on the occasion of the 38th founding anniversary of the Lao People's Army--date not given]

[Text] Dear comrade minister:

On the occasion of the 38th founding anniversary of the Lao People's Army, on behalf of cadres and combatants of the entire KPRAF and in my own name, I am very glad to extend most sincere and warmest greetings and best wishes to you and the fraternal Lao People's Armed Forces. May you enjoy good health and more victories.

During the past 38 years under the correct and wise leadership of the LPRP, the heroic Lao army and people waged a valiant struggle full of great sacrifice and with great efficiency and creativity. They have defeated all the wars of aggression of the French colonialists, U.S. imperialists, and other international reactionary aggressors and totally fulfilled their national and democratic revolution. At present, the Lao People's Army has been continuing to expand its glorious combative tradition in order to smash all sabotage maneuvers of U.S. imperialists, hegemonist-expansionists and other reactionary forces, for the firm defense of its national independence and territorial integrity and the freedom and happiness of the people.

May the special bond of friendship, militant solidarity, and cooperation between our two armies of Cambodia and Laos last forever.

Once again, I wish you and cadres and combatants of the entire Lao People's Army good health, powerful strength, and greater achievements in carrying out all tasks set forth by the Fourth Congress of the LPRP.

Please, comrade, accept my highest regards.

/6091

CSO: 4212/17

PEOPLE'S REPUBLIC OF KAMPUCHEA

CSSR NATIONAL ASSEMBLY CHAIRMAN GREETSS PRK NATIONAL DAY; CHEA SIM REPLY

Message to Chea Sim

BK210237 Phnom Penh Domestic Service in Cambodian 1330 GMT 20 Jan 87

[Text] Comrade Alois Indra, member of the Presidium of the CPCZ Central Committee and chairman of the CSSR Federal Assembly, recently sent a greetings message to Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of the National Assembly of the PRK, on the occasion of the eighth anniversary of the 7 January national day. The message noted:

The people of Czechoslovakia have watched with keen interest the achievements made by the Cambodian people in the defense and construction of their Cambodian fatherland, and would like to express solidarity with and support for the Cambodian people.

I am convinced that under the leadership of the Kampuchean People's Revolutionary Party, Czechoslovak-Cambodian relations and cooperation will further develop in all fields, including national assembly affairs, for the interests of our people and the interests of socialism and peace.

Chea Sim Thanks CSSR Counterpart

BK240207 Phnom Penh Domestic Service in Cambodian 1100 GMT 23 Jan 87

[Text] Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of the PRK National Assembly, has sent a message of thanks to Comrade Alois Indra, member of the Presidium of the CPCZ [Czechoslovak Communist Party] Central Committee and chairman of the CSSR Federal Assembly, for his greetings on the eighth anniversary of the 7 January national day. The message noted:

On behalf of the PRK National Assembly and in my own name, I would like to express most sincere and deepest thanks to you, the CSSR Federal Assembly, and the fraternal Czechoslovak people for the warm greetings you sent me.

I would like to reiterate our profound gratitude to the Czechoslovak party, government, and people for giving both material and moral support to the Cambodian people in the cause of their socialist revolution. I wish you good health, powerful strength, and greater victories in fulfilling your noble tasks.

RADIO REPORTS CHEA SIM'S PREY VENG VISIT

BK200913 Phnom Penh Domestic Service in Cambodian 0430 GMT 20 Jan 87

[Text] In mid-January, Comrade Chea Sim, member of the party Central Committee and chairman of the National Assembly and of the KCFNCD National Council, visited the people in Baphnum, Kompong Trabek, and Preah Sdach Districts of Prey Veng Province.

During his stay in Prey Veng Province, Comrade Chea Sim visited the people who were selling paddy to the state authorities at various sites in Chheu Kach, Sdau Kaeng, Speu Kar, Boeng Preah, and Reig Damrei communes in Baphnum District; Kouk Khehark, Prey Chhor, and Tkeov communes in Kompong Trabek District; and Krang Svay, Lvea, and Angkor Reach communes in Preah Sdach District.

Everywhere he went, Comrade Chea Sim praised the all-round achievements made by the people in Baphnum, Kompong Trabek, and Preah Sdach Districts, particularly the well and appropriate arrangement for the purchase of paddy and sale of goods to the people in various localities.

Currently, peasants in various districts have harvested more than half of the planted rice crops. So far, Baphnum District bought approximately 7,441 metric tons--1,600 metric tons above plan. Kompong Trabek District bought 264 metric tons of paddy out of the 3,500-metric ton plan. Preah Sdach District bought more than 271 metric tons of paddy out of the 4,250-metric ton plan.

Each commune has set up an office for purchasing paddy from the peasants and selling necessary goods to them.

Comrade Chea Sim noted that all the work, purchasing paddy and selling goods to the local people, had proceeded well. This clearly attested to the high sense of revolutionary awareness and spirit of patriotism of our people. The comrade exhorted all local officials to regard the purchase of paddy as the most immediate, necessary task. To carry out this task well, it is imperative to detect and check all inactive phenomena and to detect and prevent all the subversive schemes of the enemy of all stripes.

Cadres and people in all communes pledged to carry out this task to the best of their ability and fulfill all the plans in order to contribute to national defense and construction.

During his stay in various districts in Prey Veng Province, Comrade Chea Sim met and had cordial conversations with the peasants, thus creating an atmosphere of profoundest revolutionary optimism.

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CSO: 4212/17



RADIO COMMENTARY CONDEMNS THAI CHARGES

BK140714 Phnom Penh Domestic Service in Cambodian 1300 GMT 13 Jan 87

[Station commentary: "All Perfidious Maneuvers of the Aggressors Will Be Smashed"]

[Text:] During the past few days, the Thai authorities have continually raised their voice about their L-19 plane which was shot down on 2 January 1987 in an area along the Cambodian-Thai border. They have also claimed that the KPRAF and the Vietnamese Army volunteers have invaded Thai territory. [Words indistinct] with perfidious schemes. It is noteworthy that this slanderous charge by the Thai authorities was made at a time when Thailand and the United States are agreeing to build arms stockpiles on Thai soil [words indistinct] and at a time when the Chinese authorities are launching many large-scale invasions into Vietnam's Ha Tuyen Province, adjacent to the Vietnamese-Chinese border.

Obviously, this Thai charge is aimed at covering up the aggressive acts against the PRK's sovereignty and territorial integrity and this evil plan against the three Indochinese countries. The Thai authorities are the ones who have firmly followed in the footsteps of the outside forces' hegemonist-expansionist and warlike policy. They have continued to foster and use the Pol Pot-Son Sann-Sihanouk handits and have even been directly involved in the undeclared war against the PRK.

During the past 8 years, the Thai authorities have not abandoned their aggressive activities against the PRK's sovereignty and territorial integrity. As a matter of fact in December 1986 alone, the Thai authorities sent their aircraft--L-19's, F-5's and A-37's--to flagrantly violate Cambodian airspace on 55 occasions, entering 8 to 10 km deep inside Cambodian territory in Siem Reap-Oddar Meanchey, Battambang, Preah Vihear, and Koh Kong Provinces. At the same time, they ordered their artillery units to fire more than 4,000 rounds of artillery shells into many areas in these provinces, and Thai vessels have conducted 500 activities from 9 to 10 nautical miles in violation of the Cambodian territorial waters.

These clear proofs are irrefutable to the Thai authorities. They have boasted that they want peace and would not use their territory in any act which threatens the neighboring countries. On the contrary, they have

heightened the situation along the Cambodian-Thai border and sought every means to revitalize the so-called tripartite coalition government which is weakening and collapsing. They have turned a deaf ear to the good will proposed by the PRK regarding the border problems between Cambodia and Thailand, the problem of Cambodian refugees by closing down the Khao-I-Dang refugee camp and sent the refugees to reinforce and act as cannon fodder for the Pol Pot-Son Sann-Sihanouk bandits along the border areas. They have distorted everything to justify their aggressive acts against the PRK territorial integrity by shamelessly slandering that the KPRAF and the Vietnamese Army volunteers violated Thai territory. But this abject scheme can deceive no one.

The PRK in particular and the three Indochinese countries in general have made many constructive proposals for the settlement of the remaining problems in the region and always want to coexist peacefully with and respect Thailand's independence, sovereignty, and territorial integrity. But the Thai authorities have always adhered to a hostile attitude against the PRK and the three Indochinese countries. They have arrogantly colluded with China and the U.S. imperialists in causing obstacles to the developing trend of dialogue in this region. They are well aware that the root cause of tension in this region is the support and assistance for the genocidal Pol Pot clique.

World public opinion, including the Thai people, has been demanding the total elimination of this clique. But the Thai authorities have stubbornly fostered this clique despite the fact that such an act runs totally counter to the interests of their people and of progressive mankind in the world. They have loudly voiced their demand for the withdrawal of the Vietnamese Army volunteers from Cambodia at a time when China and the United States have continued to support the genocidal Pol Pot clique. This clearly attests to the Thai authorities' reactionary thinking.

We have already stressed that the withdrawal of the Vietnamese Army volunteers will take place every year and all the Vietnamese Army volunteers are withdrawn by 1990. However, if this withdrawal is used to cause insecurity in Cambodia, the Governments of Cambodia and Vietnam will take all appropriate measures to deal with it. Our stand is firm and effective. The PRK is an independent and sovereign state which is advancing toward firm socialism. We have all rights to defend our country. The Cambodian people are launching activities within their border against any aggressive acts against the PRK territory in line with the international law. This is their most legitimate right which is inalienable by anyone. The Cambodian people vehemently reject this unreasonable slander and firmly condemn the Thai authorities' dark maneuvers. We demand that the Thai authorities immediately end all their hostile activities against the PRK and the three Indochinese countries.

The PRK is in a position of strength and victory. The special bond of Cambodia-Vietnam-Laos solidarity is firmer now than ever before. The KPRAF is ready to fight for the defense of the PRK's independence, sovereignty, and territorial integrity. The Thai authorities should reconsider their dreamy ideal. The Cambodian people pledge to smash totally all the perfidious activities of the aggressors.

REPORTS ON AGRICULTURAL DEVELOPMENTS 5-25 JANUARY

5-11 January

BK120320 [Editorial Report] Cambodian media monitored by Bangkok Bureau carried the following reports on agricultural developments during the reporting period 5-11 January:

Battambang Province: Phnom Penh Domestic Service in Cambodian at 1300 GMT on 10 January notes that the trade service of Mounng District plans to buy 13,000 metric tons of paddy from the peasants this year. It bought 80 metric tons between 19 and 22 December.

Kandal Province: Phnom Penh radio at 1300 GMT on 6 January says that by 5 December last year, 123 metric tons of fish had been caught by local fishermen.

Kompong Cham Province: Phnom Penh SPK in English at 0634 GMT on 5 January reports that so far in this dry season, peasants in the province have transplanted rice on 6,447 hectares, including 2,470 hectares of floating rice, 3,570 hectares of short-term rice, and 300 hectares of IR-36 high-yield rice. Taking the lead were Kroch Chhma and Srei Santhor Districts respectively with 1,900 and 1,720 hectares. This year they are expected to plant rice on 21,000 hectares as against 18,000 hectares in the previous dry season. They also plan to put 200 hectares under cotton, 4,250 hectares under tobacco, and dozens of others under vegetables. According to a Phnom Penh SPK English report transmitted at 0525 GMT on 8 January, by the second week of December last year, peasants throughout this province had harvested short-term rice on 19,000 hectares, including 10,757 hectares of dibbling rice. Taking the lead were the districts of Memot and Stoeng Trang, respectively with 7,100 and 2,350 hectares. They also gathered the IR-36 high-yield variety on 2,080 hectares with an average yield of 3 metric tons per hectare. In the past monsoon, peasants throughout the province put 141,900 hectares under rice. They are now planting subsidiary food crops and industrial crops such as cotton, tobacco, castor-oil, sugar cane, peanut, soybean, cassava, and sweet potato on hundreds of hectares. According to Phnom Penh radio at 1300 GMT on 6 January, the veterinary service of Ponhea Krek District inoculated more than 19,370 head of cattle against various diseases last year.

Kompong Chhnang Province: SPK in English at 0634 GMT on 5 January reports that peasants in this province had by mid-December sowed dry-season rice seed on 500 hectares and transplanted rice seedlings on another 150 hectares. In the 1985-86 dry-season rice cropping, the peasants achieved only 64 percent--6,300 hectares--due to harsh weather and poor irrigation network. Phnom Penh SPK in English at 0606 GMT on 9 January says that in November last year, the veterinary service in Kompong Chhnang District inoculated 18,970 head of cattle against epizootic diseases and 450 pigs against septicemia and pest diseases. Phnom Penh radio at 0430 GMT on 5 January reports that in 2 weeks of December, peasants in Samakki Meanchey District harvested more than 635 hectares of monsoon rice, reaping more than 820 metric tons of paddy, and sowed nearly 5 hectares of dry-season rice.

Kompong Speu Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 6 January reports that peasants in Phnum Sruoch District raised more than 16,000 oxen, more than 620 buffalo, more than 5,000 hogs, and lots of fowls last year.

Prey Veng Province: SPK in English at 0606 GMT on 9 January reports that in December last year, veterinary workers in Prey Veng District launched a campaign of vaccination for 10,630 head of cattle, including 3,460 cows and 7,170 buffalo.

Takeo Province: Phnom Penh radio at 1300 GMT on 9 January reports that by 22 December, peasants in this province had put more than 5,350 hectares under dry-season rice with Angkor Borei District taking the lead. Phnom Penh Domestic Service in Cambodian at 0430 GMT on 8 January says that by 20 December, peasants in Samraong District had sowed 280 hectares of dry-season rice and transplanted more than 300 hectares of rice seedlings. They also harvested more than 200 hectares of short-term monsoon rice. Phnom Penh radio at 0430 GMT on 6 January notes that the Kaoh Andet District Trade Service bought 4,100 metric tons of grain, or 116 percent of the purchasing plan, last year.

#### 12-18 January

BK190950 [Editorial Report] Cambodian media monitored by Bangkok Bureau carried the following reports on agricultural developments during the reporting period 12-18 January:

National level: Phnom Penh Domestic Service in Cambodian at 1300 GMT on 17 January reports that throughout the country more than 40,000 hectares of dry season rice had been planted by early January. The report also says that in 1986, more than 501,199 metric tons of rainy season rice were harvested and that 69,980 hectares of land were reclaimed. SPK in English at 1131 GMT on 18 January reports that by early January peasants across the country had planted tobacco and corn on 1,183 hectares, potato on 2,625 hectares, and beans on 3,184 hectares for this dry season cropping. The report adds that last monsoon season, 41,863 hectares of corn were planted, mostly in the provinces of Kandal, Kompong Cham, and Prey Veng.

**Kompong Chhnang Province:** The radio at 0430 GMT on 12 January reports that in November last year peasants in Kompong Leng District planted more than 138 hectares of subsidiary crops. According to SPK in French at 0409 GMT on 12 January, by mid-December peasants in the province had harvested more than 9,200 hectares of rice planted in the last rainy season with an average yield of 2 metric tons per hectare. The report also adds that in 1985, the province produced 57,000 metric tons of rice. By the end of December, peasants in Kompong Leng District had sowed more than 180 hectares of dry season rice and planted more than 18 hectares of corn, more than 300 hectares of beans, and more than 100 hectares of vegetables. According to the radio at 1300 GMT on 17 January, so far the trade service in Toek Phos District has bought more than 22 metric tons of paddy from peasants. According to SPK in English at 0558 GMT on 12 January, by late December peasants in Kompong Tralach District had harvested 2,400 hectares of short-term and medium-term rice. The report also says that so far, 450 hectares of dry season rice have been sowed and another 150 hectares transplanted.

**Takeo Province:** At 0430 GMT on 13 January, the radio reports that by the end of 1986 peasants in Angkor Borei District had sowed some 317 hectares of dry season rice and transplanted more than 1,530 hectares.

**Kandal Province:** SPK in French at 0558 GMT reports that by mid-December, peasants in Ponhea Loe District had sowed some 300 hectares of rice and planted more than 300 hectares of dry season rice. The report also says that this 1986-87 dry season, peasants in the district plan to grow 3,500 hectares of rice, including 2,000 hectares of IR-36 and 1,000 hectares of IR-42 rice strains.

**Battambang Province:** In a report broadcast at 0430 GMT on 13 January, the radio says that in the 1986 rainy season, peasants in Sisophon District planted more than 17,680 hectares of rice and 500 hectares of industrial and subsidiary food crops, and reclaimed more than 1,780 hectares of land. The report also says that last year peasants in the province sold more than 3,057 metric tons of paddy to the state and paid another 266 metric tons of patriotic contribution while fishermen in the province caught 55 metric tons of fish. SPK in French at 0400 GMT on 18 January reports that in 1986 peasants in the province planted 200,780 hectares of rainy season rice and 1,400 hectares of dry season rice and thousands of hectares of subsidiary and industrial crops, including 260 hectares of cotton and 4,000 hectares of jute.

**Kompong Som City:** At 0430 GMT on 14 January, the radio reports that by the end of December, peasants in Prey Nop District had harvested more than 2,860 hectares of rainy season rice with a yield of 4,030 metric tons. According to SPK in French at 0558 GMT on 12 January, by mid-December, peasants in the city had harvested 2,070 hectares of short-term rice or 28 percent of the plan.

**Kompong Cham Province:** The radio at 1300 GMT on 14 January reports that by 22 December, peasants in Cheung Prey District had sold more than 249 metric tons of paddy and 41 metric tons of other food crops to the state. In



another report broadcast at 0430 GMT on 15 January, the radio says that from the beginning of the season to 27 December peasants in the province had harvested more than 21,720 hectares of rice with a yield of almost 2 metric tons per hectare. The report also says that more than 8,870 hectares of dry season rice had been transplanted and more than 2,350 hectares of tobacco, 97 hectares of peanuts, more than 87 hectares of mungbean, more than 214 hectares of cotton, and more than 81 hectares of corn had been planted. According to the radio at 0430 GMT on 17 January, by 22 December peasants in O Reang Euv District had sold more than 41 metric tons of paddy, more than 460 metric tons of soybean, more than 25 metric tons of mungbean, and more than 500 kg of groundnut to the state. At 0430 GMT on 18 January, the radio reports that by 22 December peasants in Dambe District had sold more than 150 metric tons of paddy, 200 metric tons of soybean, nearly 15 metric tons of mungbean, and more than 15 metric tons of sesame to the state. In another report broadcast at 1300 GMT on 18 January, the radio says that by 20 December, peasants in Kaoh Sotin District had transplanted nearly 350 hectares of dry season rice and planted more than 750 hectares of industrial and subsidiary crops.

Kompong Thom Province: In a report broadcast at 1300 GMT on 14 January, the radio says that so far peasants in Kompong Svay District have planted more than 1,000 hectares of dry season rice. At 0430 GMT on 16 January, the radio reports that by 5 December the provincial trade service had bought more than 60 metric tons of paddy from peasants and almost 200 metric tons of other agricultural products. According to SPK in English at 1131 GMT on 18 January, peasants in the province have so far planted 1,600 hectares of rice of the planned 4,000 hectares.

Svay Rieng Province: According to the radio at 1300 GMT on 17 January, in 1987 Kompong Rou District plans to buy 4,423 metric tons of paddy from peasants, including 1,183 metric tons of patriotic contribution. The report also says that so far 196 metric tons of paddy have been bought. In another report broadcast at 1300 GMT on 18 January, the radio says that by 7 December, peasants in Chantrea District had sold more than 57 metric tons of paddy to the state.

Prey Veng Province: SPK in French at 0409 GMT on 12 January reports that by mid-December, peasants in the province had sowed more than 1,400 hectares and transplanted some 7,700 hectares of rice and planted almost 700 hectares of subsidiary crops.

#### 19-25 January

BK260743 [Editorial Report] Cambodian media monitored by Bangkok Bureau carried the following agricultural developments during the reporting period 19-25 January:

National level: Phnom Penh Domestic Service in Cambodian at 1300 GMT on 19 January reports that by early January, throughout the country, more than 40,000 hectares of dry season rice had been planted and that over 501,139 hectares of rainy season rice had been harvested with an average yield of



over a metric ton per hectare. The report also says that in 1986, 69,909 hectares of land were reclaimed throughout the country. According to SPK in English at 1120 GMT on 24 January, peasants throughout the country had, by mid-January this year, reaped monsoon rice on 60 percent of the planted area. The provinces of Kampot and Stung Treng respectively gathered some 108,280 metric tons and 13,820 metric tons of rice. The report adds that for their part, the provinces of Prey Veng and Svay Rieng carried out their respective plans by 85 and 80 percent.

**Svay Rieng Province:** At 0430 GMT on 19 January, the radio reports that by 22 January, peasants in Chantrea District had harvested more than 1,000 hectares of rainy season rice and planted more than 20 hectares of subsidiary crops.

**Siem Reap-Oddar Meanchey Province:** The radio at 1300 GMT on 20 January reports that by early this month peasants in the province had harvested almost 78,000 hectares of rainy season rice with an average yield of a metric ton per hectare. According to a report in English by SPK at 1103 GMT on 22 January, by early this month, peasants in the province had put 1,300 hectares under dry season rice with Siem Reap District taking the lead with 930 hectares.

**Kandal Province:** At 1300 GMT on 20 January the radio reports that by the end of December last year, fishermen in the province had caught more than 2,000 metric tons of fish.

**Takeo Province:** The radio at 0430 GMT on 21 January reports that by 1 January, peasants in Angkor Borei District had harvested more than 600 hectares of rainy season rice and planted 1,850 hectares of dry season rice. At 1300 GMT on 21 January the radio reports that by 23 December, peasants in Samraong District had harvested almost 3,600 hectares of early rice with an average yield of more than a metric ton per hectare. According to a report by the radio at 0430 GMT on 22 January, by 24 December, peasants in Boreicholasa District had sowed more than 68 hectares and transplanted over 100 hectares of dry season rice of the 2,700 hectares planned for the season. The report also says that more than 250 hectares of short-term rice had been harvested with an average yield of more than a metric ton per hectare. SPK in English at 1103 GMT on 22 January reports that by mid-January this year, peasants in the province had transplanted 9,000 hectares of dry season rice of the planned 35,000 hectares. At 0430 GMT on 23 January the radio reports that peasants in Treang District plan to grow 4,100 hectares of dry season rice and adds that by 1 January, more than 1,000 hectares have been transplanted; more than 100 hectares of rainy season rice had also been harvested. In another report broadcast at 1300 GMT on 23 January, the radio says that by the end of 1986, peasants in Tram Kak District had harvested more than 1,370 hectares of rainy season rice and planted almost 500 hectares of subsidiary crops and more than 100 hectares of vegetables.

**Prey Veng Province:** At 1138 GMT on 22 January SPK in French reports that in 1986, the veterinary service in the province vaccinated 70,800 oxen and buffaloes and 6,000 pigs against epizootic diseases.

Kompong Som City: According to SPK in French at 1138 GMT on 22 January, by early January this year, the harvest of rainy season rice in Prey Nop District yielded 4,030 metric tons of paddy.

Kompong Cham Province: The radio at 0430 GMT on 23 January reports that fishermen in the province had, by 23 December, caught 2,650 metric tons of fish or more than 40 percent of the plan.

Kompong Speu Province: At 0430 GMT on 24 January the radio reports that by 10 January, peasants in Kong Pisei District had harvested 1,960 hectares of rainy season rice with an average yield of more than a metric ton per hectare. The report also adds that of the 300 hectares of rice planned for this dry season, nearly 220 hectares have been planted.

Battambang Province: At 0430 GMT on 25 January the radio cites an SPK article saying that in 1986, peasants in the province planted more than 1,400 hectares of dry season rice and more than 207,780 hectares of rainy season rice. The article also says that fishermen in the province caught 3,785 metric tons of fish.

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CSO: 4212/17

BRIEFS

KPRP OFFICIAL CONGRATULATED ON APPOINTMENT--Comrade Phoun Sipaseut, chairman of the LPRP Central Committee Foreign Relations Commission, recently sent a message of congratulations and greetings to Comrade Yos Son on his appointment as chairman of the KPRP Central Committee Foreign Relations Commission. The message reads, among other things: I wish the already steadily growing bonds of friendship and special relations between the parties and peoples of our two countries, especially between the Foreign Relations Commission of the LPRP Central Committee and the Foreign Relations Commission of the KPRP Central Committee an incessant development and consolidation. I wish you the best of health and more and greater successes in your noble task. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 10 Jan 87 BK] /6091

ANTIRESTANCE ACTIVITIES IN BORDER AREAS--In a spirit to create achievements to greet the eighth anniversary of the 7 January national day, combatants defending the border area in a number of localities launched sweep operations and scored good results against the enemies. On 25 December, south of Tradak Pong in Koh Kong Province, we ambushed a group of enemy soldiers who just sneaked in from the border, killing seven on the spot and seizing four weapons and a 15-watt communications radio. On the same day, 20 km north of Samraong, our combatants clashed with a group of enemy elements bringing in supplies from Thai territory, killing 11 on the spot and wounding 20 others. Furthermore, 9 km east of Ampil, some combatants from the 7th Regiment of the "Determined-To-Win" Division, ambushed enemy elements crossing the border from Thailand, killing four on the spot and seizing two weapons and three bundles of goods. On 27 December, our Armed Forces northwest of Pailin ambushed a group of enemy soldiers who attempted to sneak into our area, killing 10 on the spot and seizing 7 weapons, 7 B-40 rockets, 6 DKZ shells, 30 B-40.5 shells, 27 rounds of AT ammunition, and 60 rounds of AK ammunition. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 11 Jan 87 BK] /6091

CHEA SIM GREETES CUBAN COUNTERPART--Recently, Comrade Chea Sim, chairman of the National Assembly of the PRK, sent a greetings message to Comrade Flavio Bravo Pardo on his reelection as chairman of the National Assembly of Popular Power of the Republic of Cuba. The message said, among other things: I highly appreciate the great successes won by the heroic Cuban people under the wise leadership of the Communist Party of Cuba headed by Comrade Fidel Castro in building advanced socialism in your beautiful country. I am firmly convinced that the relations of fraternal friendship and all-round cooperation

between our two countries and peoples, and especially between our two assemblies, will be further developed and strengthened on the basis of the principles of Marxism-Leninism [words indistinct] of the common struggle against imperialism and other reactionary forces, for national independence, peace, democracy, and social progress. I wish you the best of health, long life, strength, and more and greater successes in fulfilling your noble task. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 11 Jan 87 BK] /6091

RED CROSS DISTRIBUTES AID--On 23 and 24 December, Cambodian Red Cross teams distributed 50 metric tons of rice, which was aid from international humanitarian organizations, to more than 1,000 families in various districts of Takeo Province. [Excerpt] [Phnom Penh Domestic Service in Cambodian 0430 GMT 12 Jan 87 BK] /6091

SISOPHON DISTRICT MILITARY SUCCESS--In 1986, the Armed Forces in Sisophon District in Battambang Province conducted 342 operations against the enemy during which they killed 161 enemy elements, wounded 143, and captured 25 others. They also seized 82 assorted weapons. Meanwhile, the district authorities persuaded 283 misled persons to return to the fold, bringing along 202 assorted weapons. [Excerpt] [Phnom Penh Domestic Service in Cambodian 0430 GMT 13 Jan 87 BK] /6091

POLISH FOREIGN MINISTER GREETES KONG KORM--Comrade Marian Orzechowski, minister of foreign affairs of the People's Republic of Poland, has sent a greetings message to Comrade Kong Korm, minister of foreign affairs of the PRK, on the eighth national day of the PRK. The message noted: I am convinced that the fraternal friendship and beneficial cooperation between Poland and Cambodia will further develop in the interests of our two countries. I wish you good health, happiness, and success in your mission for the prosperity of fraternal Cambodia and for strengthening our two countries' friendship. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 13 Jan 87 BK] /6091

THAI VIOLATIONS, KPRAF SUCCESS--During the second week of January, the Thai authorities daily fired barrages of 100 to 200 rounds of heavy artillery into various areas along the western border of the PRK. In the air, on 12 occasions they sent A-37 and F-5 planes to conduct reconnaissance flights 8 km inside Cambodian airspace. Meanwhile, Thai vessels violated Cambodian territorial waters on 14 occasions 8 to 12 nautical miles off Koh Kong Island. During the same week, our KPRAF conducted 47 sweep operations against the enemy. They put out of action 165 enemy elements, including 77 killed and 60 who surrendered. We also seized 65 assorted weapons and a large quantity of war materiel. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 13 Jan 87 BK] /6091

DELEGATION LEAVES FOR DRA--On 7 January, at the invitation of the Afghan Fatherland Front, a delegation from the KUFNCD National Council led by Comrade Ros Chhun, alternate member of the KPRP Central Committee and general secretary of the KUFNCD National Council, left for Kabul to take part in the second congress of the Afghan Fatherland Front. The delegation was seen off at Pochentong Airport by Min Khin, deputy general secretary of

the KUFNCD National Council, and many other cadres from the KUFNCD National Council. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 14 Jan 87 BK] /6091

CUBAN COUNTERPART GREETES YOS SON--Recently Comrade Yos Son, member of the KPRP Central Committee and chairman of its Foreign Relations Commission, received a greetings message from Comrade Jorge Rodriguez Valdes, member of the Political Bureau of the Communist Party of Cuba [CPC] Central Committee and secretary of the CPC Central Committee's Foreign Relations General Department [title as heard]. The message reads, among other things: We are very satisfied to have learned about the decision of the KPRP Central Committee Political Bureau appointing you chairman of the KPRP Central Committee's Foreign Relations Commission. Along with sincere congratulations for this honor, I would like to wish you the best of health and great successes in fulfilling your noble task. I take this opportunity to reiterate through you the militant solidarity of the Cuban Communist Party and people to the Cambodian party and people. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 17 Jan 87 BK] /6091

KE KIMYAN VISITS 4TH DIVISION--A delegation of the Defense Ministry led by Comrade Ke Kimyan, member of the party Central Committee, deputy minister of national defense, and chief of the General Staff, recently ended its visit to the 4th Division. During its 4-day visit, the delegation called on cadres and combatants of all company and platoon units along the border line. The delegation also listened to reports on the advance of our comrades-in-arms. On behalf of the Defense Ministry, the head of the delegation praised the heroic spirit of the comrades-in-arms who have firmly defended our border line. Comrade Ke Kimyan also exhorted cadres and combatants in all units to make further efforts in training and feeding the army in order to ensure better combat capabilities and health of the combatants. [Text] [Phnom Penh Domestic Service in Cambodian 1200 GMT 17 Jan 87 BK] /6091

POLISH PARTY CENTRAL COMMITTEE MESSAGE--The Polish United Workers Party Central Committee recently sent a message of thanks to the KPRP Central Committee for its message of greetings and best wishes on the Polish party's founding anniversary. The message noted: The Central Committee of the Polish United Workers Party would like to thank you the Central Committee of the KPRP for the fraternal greetings and best wishes extended to us on the founding anniversary of our party. We would like to confirm our conviction that the relations between our two parties, peoples, and countries will further strengthen for the well-being of our two countries and for peace and socialism. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 18 Jan 87 BK] /6091

SVAY RIENG CUSTOMS SERVICE SURVEYED--A meeting was held recently in Svay Rieng town's customhouse to sum up achievements of the customs service in 1986. Attending the meeting were representatives of local and central customs offices and Vietnamese customs officials from Tay Ninh Province. Comrade (Mei Sovannari), chief of the Bavet District customs office, read a report on results of investigations of violations of the customs law, the transit goods for commercial purposes, and smuggling. The report noted the



good experiences, the assistance given by the Vietnamese customs officials regarding customs management, the tasks of building genuine revolutionary forces and carrying out agricultural production and animal husbandry, and the customs officials' cooperation with the local people in planting crops. Comrade (Pech Vong), cadre representing the central customs office, hailed the great achievements of the Bavet customhouse during the past year. The comrade stressed control work and the lifestyle and tasks of customs officials, who should always be sincere, patient, and thrifty in carrying out their service for the people and fatherland. [Text] [Phnom Penh Domestic Service in Cambodian 1300 GMT 18 Jan 87 BK] /6091

LAO ARMY ANNIVERSARY MEETING--To mark the 38th founding anniversary of the Lao People's Revolutionary Army, this morning Phnom Penh armed forces organized a solemn meeting to welcome the occasion. Presiding over the meeting, among others, were Comrade Meas Kroch, deputy defense minister; Comrade Nhek Huon, deputy chief of staff and commander of the Phnom Penh forces; Comrade Bun Kang, deputy chief of the General Logistics Department; Lao military attache to Cambodia; and many high-ranking cadres representing various units in Phnom Penh. Many military attaches of friendly countries accredited to Cambodia were also present. Nhek Huon made a speech praising various achievements scored by the Lao people and army and pledged to strengthen militant solidarity between Cambodian and Lao armies. The Lao military attache replied, thanking Cambodia's assistance for the Lao revolution. [Summary] [Phnom Penh Domestic Service in Cambodian 1200 GMT 19 Jan 87 BK] /6091

RETURNEES IN SIEM REAP-ODDAR MEANCHEY--From January to October 1986, in close cooperation, local authorities and armed forces in Siem Reap-Oddar Meanchey Province persuaded 1,321 misled persons to return to the fold, bringing with them 767 weapons. [Excerpt] [Phnom Penh Domestic Service in Cambodian 1300 GMT 19 Jan 87 BK] /6091

RETURNEES IN MONDOLKIRI PROVINCE--In 1986, provincial authorities in Mondolkiri Province welcomed 106 misled persons, all of them Pol Pot soldiers, who brought with them 24 assorted weapons. [Excerpt] [Phnom Penh Domestic Service in Cambodian 1300 GMT 19 Jan 87 BK] /6091

RETURNEES IN KOMPONG THOM--In December 1986, authorities in Kompong Thom Province received 98 misled persons, including 91 Pol Pot soldiers and 8 Sereika soldiers, who brought with them 35 assorted weapons, a communications radio, and some war materiel. These returnees were provided moral and material assistance to start a new life with their families. [Summary] [Phnom Penh Domestic Service in Cambodian 1300 GMT 21 Jan 87 BK] /6091

CUBAN NATIONAL ASSEMBLY CHAIRMAN'S MESSAGE--Comrade Flavio Bravo Pardo, chairman of the National Assembly of the Republic of Cuba, recently sent a message to Comrade Chea Sim, chairman of the National Assembly of the People's Republic of Kampuchea, greeting him on the eighth anniversary of the 7 January national day. The message noted: The Cuban National Assembly would like to voice solidarity with the fraternal Cambodian people and their correct struggle. Our desire is to develop our all-round relations,



particularly in national assembly's affairs, to make joint efforts for the interests of peace in the world and the common interests of our peoples, and to struggle on in difficult circumstances when the U.S. Government has relentlessly stimulated the arms race which menaces all mankind and creates tension in the world. Availing myself of this occasion, I wish you successive victories in your noble tasks. I also wish your people happiness. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 20 Jan 87 BK] /6091

CHEA SIM THANKS HUNGARIAN COUNTERPART--Comrade Chea Sim, chairman of the PRK National Assembly, recently sent a message of thanks to Comrade Istvan Sarlos, chairman of the National Assembly of the Hungarian People's Republic, for his greetings on the eighth anniversary of the 7 January national day. The message noted: Your profound and cordial sentiments toward us reflect the close relations between our two countries and the fruitful cooperation between our two national assemblies. This has greatly encouraged the Cambodian people in carrying out their national defense and construction work. I would like to express profound gratitude to the Hungarian party, government, and people for giving material and moral support to the Cambodian people in their cause of socialist revolution. I wish you and the National Assembly and the fraternal people of Hungary good health and greater victories in fulfilling all revolutionary tasks. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 24 Jan 87 BK] /6091

RETURNEES IN BATTAMBANG DISTRICT--On 10 January, authorities and people in Battambang District of Battambang Province persuaded 38 Sereika soldiers, including a company commander and 2 platoon commanders, to turn themselves in to authorities in Chruoy Sdau commune. These returnees brought 35 weapons to our revolutionary authorities. [Excerpt] [Phnom Penh Domestic Service in Cambodian 0430 GMT 25 Jan 87 BK] /6091

MILITARY SUCCESS IN BATTAMBANG--In 1986, the armed forces of Battambang Province killed 615 enemy elements, wounded 673, and captured 123 others and seized 329 assorted weapons and a large quantity of war materiel. The authorities and people in the province also persuaded 1,688 misled persons to return to the fold, bringing along 925 assorted weapons and a quantity of war materiel. [Excerpt] [Phnom Penh Domestic Service in Cambodian 0430 GMT 25 Jan 87 BK] /6091

PHNOM PENH-HO CHI MINH CITY COOPERATION--Phnom Penh, 13 Jan (SPK)--In 1987, Ho Chi Minh City assisted Phnom Penh by financing the building of some 10 structures, including an AM-FM transmitter, a paper mill capable of producing 300 metric tons annually, and a 20,000 metric ton rice depot. With the assistance of the same Vietnamese city, a shipyard was restored, and since its restoration, has produced a 100-metric-ton barge, a 200-metric-ton barge is being built. Ho Chi Minh City also sent 30 specialists to assist Phnom Penh in training cadres in the fields of culture and information, education, public health, trade, etc. Cultural exchanges between the two cities were made regularly. Four well-known art troupes from Ho Chi Minh City performed in Phnom Penh, and many Cambodian sportsmen toured Ho Chi Minh City. [Text] [Phnom Penh SPK in French 0411 GMT 13 Jan 87 BK] /6091

**MISLED PERSONS RETURN**--Phnom Penh, 13 Jan (SPK)--In less than a month, from 10 December to 6 January, 215 persons misled by enemy propaganda returned to the revolution, bringing with them 112 assorted weapons and some war materiel. [Text] [Phnom Penh SPK in French 1201 GMT 13 Jan 87 BK] /6091

**HUNGARIAN JUSTICE MINISTRY DELEGATION**--Phnom Penh, 14 Jan (SPK)--A delegation from the Justice Ministry of the Hungarian People's Republic led by its Deputy Minister Gyula Boricf arrived yesterday in Phnom Penh for an official friendship visit to Cambodia. It was greeted upon arrival at Pochentong Airport by Chem Snguon, Cambodian deputy minister; Lajos Karasai, ambassador of the Hungarian People's Republic to Cambodia; and other personalities. [Text] [Phnom Penh SPK in French 0418 GMT 14 Jan 87 BK] /6091

**MORE RETURNEES IN MONDOLKIRI**--Phnom Penh, 17 Jan (SPK)--Mondolkiri Province, some 300 km northeast of Phnom Penh, welcomed back 160 returnees, most of them Pol Pot supporters, in 1986. These returnees brought with them 24 weapons and some other war materiel. [Text] [Phnom Penh SPK in French 0425 GMT 17 Jan 87 BK] /6091

**BATTAMBANG RETURNEES IN 1986**--Phnom Penh, 20 Jan (SPK)--In 1986, 176 misled persons, including 88 Pol Pot soldiers, left reactionary ranks and returned to their villages in Mounng Russei District, Battambang Province, 300 km northwest of Phnom Penh. These returnees brought with them 88 weapons and other war materiel and have been provided material and moral assistance by the local party authorities and people to build a new life with their families. [Text] [Phnom Penh SPK in French 0359 GMT 20 Jan 87 BK] /6091

**NATIONWIDE RETURNEES IN 1986**--Phnom Penh, 20 Jan (SPK)--In 1986, a total of nearly 5,000 persons misled by enemy propadanda presented themselves to state authorities in the country. These returnees, including 2,534 Pol Pot soldiers, presented themselves in groups or individually, and brought with them 2,583 assorted weapons and a large amount of war materiel. [Excerpt] [Phnom Penh SPK in French 1214 CMT 20 Jan 87 BK] /6091

**THAI VIOLATIONS IN WEEK ENDING 15 JAN**--Phnom Penh, 23 Jan (SPK)--During the week ending 15 January, Thai aircraft, including L-19's and helicopters, carried out 26 reconnaissance flights over the junction of the Cambodia-Thailand-Laos frontiers (Preah Vihear Province), Anlung Veng (Siem Reap-Oddar Meanchey), the area north of Ampil, Yeang Dangkum, and Poiwet (Battambang), 4 to 10 km inside Cambodia. At sea, the Thai Navy on 201 occasions operated in the sectors located between 7 and 44 nautical miles from Kong and Tang Islands. On the ground, the Thai artillery fired more than 600 rounds in 33 poundings of the border regions in Pursat and Koh Kong Provinces, 1 to 3 km inside Cambodian territory. During the same period, Cambodian border guards, in close cooperation with Vietnamese volunteers and the local population, put out of action 245 enemy soldiers who crossed the Thai border into Cambodian territory for sabotage purposes, and seized 172 rifles and a notable amount of war materiel. [Text] [Phnom Penh SPK in French 0421 GMT 23 Jan 87 BK] /6091

LAO EDUCATION MINISTRY DELEGATION--Phnom Penh, 23 Jan (SPK)--A delegation of the Ministry of Education of the LPDR led by Deputy Minister Pieng Sisoulat left Phnom Penh Thursday, 22 January, at the end of its week-long official and friendly visit to Cambodia. During its stay in Cambodia, the delegation had exchanges on experiences in educational matters and a working session with the Cambodian educational delegation headed by Deputy Minister Hang Chuon. It was received by Bou Thang, member of the Political Bureau of the KPRP Central Committee and vice chairman of the Council of Ministers, and by Pen Navut, minister of education. The delegation visited the former Royal Palace, the national museum, the Tuol Sleng museum of genocide, the School of Fine Arts, other schooling establishments in Phnom Penh, the Cambodia-Laos Friendship Village at Prek Eng (Kandal Province), and the Ta Prum Temple at Bati (Takeo Province). [Text] [Phnom Penh SPK in French 1145 GMT 23 Jan 87 BK] /6091

CHEA SIM AT SVAY RIENG MEETING--Phnom Penh, 27 Jan (SPK)--A recapitulative meeting of the front committee of Svay Rieng Province, some 100 km southeast of Phnom Penh, was recently held in the provincial seat in the presence of Chea Sim, member of the Political Bureau of the KPRP Central Committee and chairman of the National Assembly and the KUFNCD National Council. The meeting reviewed the front's achievements and activities in 1986 from provincial to local levels, particularly those in favor of consolidating national and international solidarity and the patriotic spirit of all strata of the population. Speaking at the meeting, Chea Sim highly appreciated the development in every provincial sector, particularly agriculture and the building of real revolutionary forces. He appreciated the province's achievements and the active participation of cadres, workers, monks, and ethnic minorities in fulfilling the 1986 socioeconomic plan. After recalling the front's primary task of persuading the laborious masses in the three revolutionary movements, Chea Sim called on people in the province to do their best and be ready to fight against enemy maneuvers aimed at sabotaging the Cambodian people's rebirth and national and international solidarity and to advance Cambodia toward socialism. [Text] [Phnom Penh SPK in French 0358 GMT 27 Jan 87 BK] /6091

CSO: 4212/17

## FIVE-YEAR SOCIOECONOMIC TASKS SET FORTH FOR THANH HOA

Hanoi NHAN DAN in Vietnamese 10 Nov 86 pp 3, 4

[Report to the 12th Congress of Delegates of the Thanh Hoa Provincial Party Organization: "Situation and Socioeconomic Task of Thanh Hoa Party Organization"]

[Text] The report on the situation and tasks to the 12th Congress of Delegates of the Party Organization in Thanh Hoa Province points out:

The last few years were marked by many progressive changes in production, living conditions, and cultural and social activities. Agricultural production took a step forward for relatively comprehensive development with a fairly high tempo and achieved great success especially in grain production and purchase. During the 1981-85 period, the yearly grain output was 727,000 tons representing an increase of 210,000 tons over the 1976-80 period (and a yearly increase of 7 percent). In 1985, the industrial crop area nearly doubled that in 1980, and some zones were built for concentrated cultivation of industrial crops--such as peanuts, tobacco, rush, kenaf, and sugarcanes. The yearly yield of many types of crops increased, especially that of rice which rose from 33 quintals during the 1976-80 period to 48 quintals per hectare during the 1981-85 period. The rearing of bovines, hogs, and ducks was developed along with fish breeding. An initial change was effected in the forestry sector by transferring forest land in 15 delta and midland districts to collectives and households in order to create conditions for them to coordinate the development of agricultural production with that of forestry production. Fishery was gradually restored in the last few years. In 1985, 17,000 tons of fish were caught--up 3,000 tons over 1980. In particular, the catching of shrimp for export was developed in 1985, with a yield of 180 tons of frozen shrimp. By applying technological advances and relying on on-the-spot sources of raw materials, industry, small industry, and handicrafts developed production of some new categories of goods--such as pliers for electrical use, vises, ceiling fans, cigarettes, and ceramics. For the first time, exportation developed some important kinds of goods--such as rush, kenaf, peanuts, cigarettes, and frozen shrimp. The material and technical bases of many economic and cultural sectors were continuously strengthened.

However, achievements and progress did not yet correspond to the actual abilities and rich potentials of the locality.

The principal weaknesses and shortcomings were as follows:

The important production sectors were not developed comprehensively and some of them failed to make any noticeable change. The production of leading export goods and staple commodities was not developed in a concentrated manner.

The economic effectiveness of production, commerce, and construction was still very low.

Population increased rapidly and the work force was abundant but an important segment of this force was unemployed.

Generally speaking, the people's life was still beset with difficulties concerning staple commodities, medical treatment, and traveling.

The above-mentioned situation had the following causes:

-The arrangement of the socioeconomic structure and investment pattern as well as the reorganization of production, commerce, and servicing activities were inappropriate in many respects and were carried out slowly and sparsely.

-The three revolutions among which the scientific and technological one should play the key role were not turned to advantage simultaneously. The aggregate strength of proletarian dictatorship was not properly used and developed in opposing negativism and in the class struggle between two roads. Especially noteworthy was the failure fundamentally and dynamically to combine the consolidation and reinforcement of socialist production relationships with the development of production forces. The economic management apparatus was slowly updated while the central role of planning and incentive economic policies was not yet considered important. Key cadres and leading economic management organs were still deeply imbued with subjectivism, simplism, and conservatism.

-Relying heavily on the bureaucratic, administrative, and state subsidy system, the organization and guidance of tasks failed to keep in touch with the grassroots level, to exercise control, to provide exhortations, and to make preliminary and final reviews. In many respects, the organization of apparatuses and cadres disagreed with the objectives of tasks.

During the 1986-90 period, the socioeconomic guidelines for and tasks of Thanh Hoa Province will be as follows:

1. The economic structure will be improved and built and agroindustrial production stepped up. Efforts will focus on overall agricultural development in which grain and food production will be the central task. It



will be necessary really to consider agriculture to be the forefront, gradually to advance agriculture to socialist large-scale production, to step up the production of consumer and export goods, and uniformly to expand communications and transport. Along these lines, firm efforts will be made to reorganize production by all economic sectors in each region and district. Production and investment guidelines will be adjusted and improved to achieve high socioeconomic effectiveness. The three most important programs on grain, food products, staple commodities, and export goods will be implemented at all costs.

Agricultural in its entirety--that is, including agriculture, forestry, fishing, and processing industry--will be comprehensively developed. Overall development of agriculture will be based on intensive cultivation, with production of grain and foodstuffs to be considered the central task. Efforts will be exerted to produce 1 million tons of grain and food by 1990 and to achieve a per capita output of 350 kg, which will be considered the decisive target to be attained to stabilize the socioeconomic situation and the people's standard of living. Concentrated and resolute efforts will be made to cultivate rice intensively. to develop high-yield rice and corn areas, and simultaneously to grow subsidiary food crops intensively and increase their area in order to ensure that their output will be equivalent to 20-25 percent of the grain output. Agricultural and forest land as well as land in cities and towns will be tightly controlled and effectively used. New land in the delta will be opened and fully used. Encroachment on farmland and its use for house building will be firmly prohibited. Short- and long-term industrial crops and those producing grain, foodstuffs, and fruit will be vigorously developed while the area cultivated with fibrous and oleaginous plants will be rapidly expanded. Special attention will be paid to stabilizing the cultivated area and to the intensive cultivation, increased productivity, and improved quality of important crops, such as peanuts, tobacco, rush, and soybeans. The kenaf area will be increased, kenaf will be planted on hillsides in districts where conditions are favorable, and efforts will be made to grow this crop on an area of 10,000 hectares in the next few years. For sugarcanes used as a raw material by the Lam Son sugar factory, their area and yield will be maintained. The cultivation of *ricinus communis* will be extended everywhere. The tea-planting areas belonging to state installations, cooperatives, and people will be built to increase the amount of export tea. The cultivation of medicinal plants will be developed to meet in some measure the need for therapeutic medicines and importance will be attached to some plants of high export value--such as bastard cardamom, *homalomena aromatica*, vervain, and cinnamon.

Animal husbandry will be developed comprehensively and vigorously, with attention to be paid to the bovine herd and to enlarging the herd of crossbred cattle in the midlands and mountain region. By 1990, the buffalo herd will number 220,000 and the cattle herd 140,000. The herd of hogs, especially crossbred ones, will be developed in order to increase their weight rapidly. The supply of breeding ducks will be ensured and an



appropriate purchase price policy will be promulgated to increase the duck flock everywhere in all sessions. By 1990, 200 tons of duck feather will be obtained for export. The breeding honeybees will be encouraged

One of the measures to be taken will be to reserve about 60 percent of capital construction investments for agriculture and processing industries. The industrial, communications and transport, circulation, servicing, scientific, and technical sectors will have to concentrate efforts and to supply materials and energy on a priority basis in order to meet promptly the requirements of production seasons.

While reorganizing the animal husbandry sector, jobs will be rationally assigned to three blocks: The state-operated sector will provide Grade-1 breeds, veterinary service, and grain while collectives will produce breeds and composite feed, organize various contractual forms of cattle rearing, and create conditions to broaden stock farming among individual households. More installations designed to increase the number of species and to carry out crossbreeding will be built while more grinding clusters designed to process subsidiary food crops and agricultural and fishing byproducts into animal feed will be set up. An insurance policy on animal husbandry will be applied widely.

The strong position of forestry will be enhanced by combining agriculture with forestry, by using short-term projects to bolster long-term one, and by carrying all lines of commercial activities. Every area, state economic unit, cooperative, and household will apply this guideline by determining, according to each type of land, an appropriate cultivation pattern for crops including those producing tubers and fruit, and by deciding on a suitable breeding pattern for animal husbandry. Attention will be paid to developing three important types of crops--including fibrous plants such as kenaf and fibrous pineapples; oleaginous trees such as *aleurites montana*, *homalomena aromatica*, and cinnamon; and *aquilaria agallocha*. The region planted with large-sized bamboos will be protected and expanded. Timber trees--such as *melia japonica*, textured wood trees, and white *santalum album*--and trees used as raw materials--such as bamboos of various kinds, and rattan--will be grown in all regions. The Quan Hoa high mountain region will continue to develop the cultivation of *mallotus philippinensis* while the coastal area and the delta will grow coconut trees, seapines, *santalum album*, bamboos, and rattan.

Forests will be considered an asset to be protected. The forest-covered area will be expanded by delimiting zones where trees will be maintained and reproduced and new ones will be grown, and by stopping forest destruction and nomadic farming and life. The transfer of lands and forests in the midlands and mountain regions will be urgently completed by the first quarter of 1987 so that all forest land areas will belong to owners.

Concerning fishing, manual means will be vigorously developed for the benefit of cooperatives and individuals while mechanized means will be provided gradually and uniformly and developed in important areas so that

fishermen will have enough means by late 1988 to catch 26,000 tons of fish by 1990. Attention will be paid to rapidly increasing the number and improving the technique of catching shrimp and other marine products for export. Fish breeding in ponds, lakes, dead-end rivers, dams, and enclosed areas along rivers will be developed. Some new fish species will be created through crossbreeding and be tamed while the necessary number of breeding fish will be ensured. The breeding and cultivation of marine products, especially shrimp and laminaria in brackish waters, will be stepped up. Salt marshes will be reformed and their quality improved in order to increase the salt output of each area unit and each salt worker.

The principal guideline for industry, small industry, and handicrafts will be to make every effort to produce consumer goods. It will be necessary to process agricultural, forest, marine, and food products, to exploit minerals, and to step up agroforestry and fishing production in order to improve the people's standard of living, create sources of export goods, provide more jobs for laborers, and accumulate more capital. At the same time, it will be necessary to meet the requirements of production sectors and to repair tools and transport means to serve all economic sectors. Efforts will be exerted to achieve, by 1990, an output value of 3 billion dong and more, which will account for 33 percent of the agroindustrial output value. The industry, small industry, and handicrafts which process rattan, bamboo, rush, and kenaf will be developed strongly. Paper production will increase and installations which produce fine paper pulp will be developed in midland and mountainous districts. Attention will be paid to the industry engaged in processing grain and food products--such as by milling and processing subsidiary food products, animal feed, sugar, confectionery, beverage, fruit, essential oils, tea aromas, tobacco, fish sauce, and frozen marine products. The sector which produces pottery, ceramics, and glassware will be expanded and upgraded. The sector which formerly tanned leather and made leather goods for export will be restored. The gunny sack-producing industry will be developed. An increase will be achieved in the production of important kinds of goods essential to daily life--such as therapeutic medicines, household utensils, articles for students and for cultural activities, physical education and sports, and children's toys. The production of building materials--especially unbaked materials, flooring stone [dqas oops lats], and stone used to make artware--will be expanded. The exploration and exploitation of minerals including kaolin, coal, and peat, will be intensified while the output of phosphorus, phosphate, and lime will be increased. Chemical industry (including the production of soda and soap) will be developed. The mechanical engineering sector will be reorganized, its production requirements will be fully met, and its production tools and transport means will be repaired; there will be a vigorous shift to the production of metallic goods for daily use, such as bicycles and spared parts, electric fans, metallic articles used in construction, and household utensils. The electric power conveyance network will be upgraded, expanded, and readied to receive an increased source of power by the end of 1987. The management, distribution, and use of electricity will be improved. Electrification will be experimentally performed in Tho Xuan District. Due attention will be paid to uniformly strengthening and developing

communications, transport, and the infrastructure. Roads and bridges, especially those on principal lines, will be upgraded. Communications in the rural and mountain regions will be expanded. River and sea transport means, including rudimentary ones, will be developed. The mechanized land transport forces will be reorganized and properly managed. Importance will be attached to the transformation, expansion, and improvement of the storage, service, and repair network designed for water transport means. Information, posts and telecommunications will be strengthened and improved to achieve better quality.

In the domain of capital construction, all levels, sectors, collective units, and people will be strongly urged to contribute capital and to establish commercial associations; their capital will be added to the priority capital of budgets at all levels to increase investments designed to develop agricultural and industrial production as well as service activities. It will be necessary to reexamine projects whose construction is still incomplete and, in consideration of capital availability and production conditions, to concentrate on thorough and uniform completion of construction projects likely to have immediate effects. The construction of projects which are not really urgently needed or which, on completion, will not be used effectively because of difficult conditions will be stopped. Investment in and construction of new projects will have to suit exactly the economic guideline and structure. Priority will be given to the building of projects designed to serve agroindustrial production, consumer and export goods production, communications and transport, and development of new economic zones and nomad settlement regions. Construction and installation forces will be reorganized and the implementation of regulations will be strictly supervised to avoid waste and to improve construction quality.

2. The population growth rate will be firmly reduced to 1.7 percent by 1990 and jobs will be provided for laborers. This population growth rate will be considered an important norm in yearly plans assigned to each locality, unit, and family. Jobs will be created so that every laborer will be employed, especially youths in cities, towns, and coastal areas. The structure of the labor force and population will be rearranged in order to reduce density in the delta, coastal areas, cities, and towns and to increase density rapidly in the midlands and mountain region. The number of laborers employed in forestry, transportation, and service activities will be increased.

3. Importation and exportation will be vigorously developed and carried out more effectively. In addition to continuous development and qualitative improvement of the existing principal goods--such as rush, kenaf, rattan, bamboo, peanuts, cigarettes, and frozen shrimp--concentrated efforts and appropriate investments will be made in order to achieve, in the next year or 2, some new principal categories of goods, such as kenaf fiber, castor beans, essential oils, leather articles, duck feather, and medicinal plants like bastard cardomom and homalomena aromatica.

4. Efforts will be exerted to control goods circulation and distribution and gradually to stabilize prices and the market.

5. Scientific and technological advances will be widely applied.

6. The socialist production relationships will be consolidated, strengthened, and perfected while the management apparatus will be updated. First and foremost, it will be necessary to define correctly the position and effectiveness of economic components as well as their close relationships.

The organization of cadres will be updated. Based on the socioeconomic structure and the need to update the management apparatus, it will be necessary to readjust and reorganize the leading and managing mechanism by reducing the number of high-level centers, by getting rid of intermediary echelons, and by establishing relations with the grassroots level through a direct shortcut.

7. Cultural and social activities will be developed and enhanced.

8. The midlands and mountain region will be comprehensively developed from the socioeconomic point of view.

9332/9190

CSO: 4209/205

## WAYS TO IMPROVE INEFFECTIVE INSPECTIONS SUGGESTED

Hanoi NHAN DAN in Vietnamese 11 Nov 86 pp 3, 4

[Article by Nguyen Le Thu of the Ba Nhat Chemical Enterprise, Hanoi Industrial Service: "Some Thoughts about Inspection Work"]

[Text] Inspection is a highly important task. However, it has not been satisfactorily carried out by every inspection team or cadre. In some instances, the inspection team came to the spot where wrongdoings had really been committed, but could not uncover them. In other places, several inspection teams came one after another to do their work but went home emptyhanded. In other cases, a clear-cut conclusion was drawn by the inspection team but the problem was solved slowly or, worse still, ignored. Why so? On inquiry, we found the following principal causes:

1. Whenever wrongdoings took place in a unit, usually the unit leader was not the only person to do wrong but the entire group of powerful ranking cadres was also involved. They shared between them the bribes taken and the goods which had been offered them or stolen, exchanged, and illegally bought or sold. They carefully concealed each other's misdeed in order to protect themselves. As members of a collective, they jointly violated the law and supported and protected one another. Therefore, even if they had acted brazenly, it would be very difficult for the inspection team to unravel the matter in hand. To make more profit, sometimes they resorted to bribery to entice a few cadres to side with them. With regard to others, they used intimidation or did them a "favor." It was all the more difficult to do the inspection task especially where party and trade union cadres acted in collusion with the unit chief to commit misdeeds. Indeed, at these places, the inspection team could be said to be encircled and to have fallen into an inextricable "maze."

2. In other cases, the inspection team was "warmly welcomed" and treated, offered copious meals, invited to see sights, and given expensive "keep-sakes." Under the label of "creating conditions for the team to do its job successfully" (1), the actual objective of this kind of reception was to put the team in an "awkward predicament" in which it could hardly speak out, and also to give workers and civil servants in the inspected unit the impression that the team had been "bought." Even if the team was not completely "bought," the severity of the wrongdoings committed



by the offenders would be mitigated and tolerated by the team and only lenient measures would be taken against those who had committed a serious offense.

3. The object of inspection is highly complex, especially if the matter to be inspected is related to the cadre policy or to finance. People bent on doing wrong know very well how to conceal their acts. Therefore, on the one hand, they try by all means to wipe out all traces; on the other hand, they try to grasp various systems and policies and then implement them for their own benefit by taking advantage of any loophole to go around obstacles. Moreover, systems and policies are innumerable and scattered and include many documents. Therefore, without a thorough understanding of the system and policies related to the matter to be inspected, inspectors will find it very difficult to detect wrongdoings and if they ever uncover them, they will lack firm grounds for compelling the wrongdoers to admit their guilt. It is regrettable that there is no cadre with such knowledge in many inspection teams, which has rendered the inspection work ineffective or limited its effectiveness.

On the other hand, the inspection task is complicated by the fact that wrongdoings have often taken place not only in the unit where the team comes for inspection but has also been committed by other units in other localities. This is one of the reasons for the inspection to drag on or for the impossibility of drawing a conclusion unless inspection is closely coordinated by the sectors and localities concerned.

4. In some cases, inspection brought about little result or none at all just because of the "protection and support" given by powerful ranking cadres. Though the offenses committed were sometimes rather serious and should be subject to legal proceedings, the problem was merely considered an internal affair and solved during a "closed-door advisory conference." Most of the time, this procedure proved too lenient and incommensurate with the offense severity. According to public opinion, this course of action is also a form of protection by high-echelon people.

5. One of the important reasons for the ineffectiveness of inspection is the failure to rely on the masses and to motivate them to support the inspection work. Many workers and civil servants do not yet believe in the effect exerted by inspection teams. What they fear most is that after the teams' departure, the persons to be punished first will not be the most guilty cadres but those who have frankly and boldly given the necessary information to the inspection teams. If the leading cadre in the unit concerned is ever punished, the punishment will usually be benign and he will continue in office but often the persons receiving harsher treatment will be the cadres who have dared frankly to speak the truth. Indeed, the sayings that "before receiving the indemnity, you still have to suffer from the inflicted injury" and that "while waiting for fair judgment by the mandarin whose office is faraway, you have to submit to the authority of the local official" still hold true. Consequently, many people are still afraid that if they speak the truth, they will be persecuted without hope of being protected by anyone.



In view of this situation, I wish to make the following proposals:

1. It is absolutely necessary for cadres assigned to inspection teams to understand thoroughly the problems to be inspected, and especially to grasp firmly the promulgated systems, policies, and regulations concerning these problems. In our opinion, no inspection at all will be better than conducting inspection with the help of cadres who have a low standard of knowledge and are not yet fully conversant with the relevant systems and policies. Moreover, especially in cases of serious infractions, leaders of inspection teams must be high-ranking officials with full competence to solve promptly certain problems which need to be attended to immediately after the teams' departure.

2. It is suggested that inspection teams coming from other areas (and usually from the higher echelon) refuse boarding and lodging offered by the units to be inspected. All inspection teams without distinction must refrain from buying goods at cheap prices and accepting gifts from these units.

3. Specific measures must be taken to protect cadres who have frankly told the truth. At the same time, persons who persecute people giving information to inspection cadres must be dealt with appropriately (of course, such information must be accurate).

4. In addition, we propose that the working method employed in carrying out inspection be updated as follows:

-The habit of doing things halfway must be given up. One must not consider all problems solved after the inspection teams have left. On the contrary, it is necessary to keep track of the implementation of motions proposed by the teams after doing their inspection job and also of proposals submitted by them to the higher authorities concerning the inspected units.

-A deadline must be set for the competent echelon to implement the motions made by inspection teams regarding the inspected units. If the deadline is to be extended, this decision must be made known to workers and civil servants in the inspected units. If the motions are not yet implemented on expiry of the extension, responsibility for this delay must be clearly determined.

-The conclusions drawn by the teams after doing their inspection job as well as the proposals and reports submitted by them to the competent echelon must be imparted to all workers and civil servants in the inspected units. This course of action must not be considered detrimental to the prestige of leading cadres in inspected units because, as a matter of fact, these cadres have already lost their prestige ever since they became decadent and deviant. Publication of the said conclusions and proposals will create conditions for these cadres to correct their mistakes and, with the supervision and support of the masses, to regain their lost prestige. This will also have the effect of speeding up the measures taken against the inspected units' wrongdoings and of bringing the proceedings to a final conclusion.

## WIDESPREAD CIGARETTES COUNTERFEITING NOTED

Hanoi NHAN DAN in Vietnamese 11 Nov 86 p 2

[Article by Nguyen Dinh of Bac Ninh City, Ha Bac Province, in Readers' Letters Column: "Counterfeit Song Cau Cigarettes"]

[Text] In an area near the Ha Bac cigarette factory (Dap Cau Town, Dac Ninh Province), there are hundreds of families who earn their living especially by counterfeiting the Song Cau Brand name cigarettes. Some of these households hire each more than 10 employees to roll cigarettes cut off their ends, imprint the Song Cau trademark, and put them in packs. These counterfeit cigarettes have not only been dumped on the Ha Bac province market but have also been skillfully sneaked out in large quantities by roads and waterways to Hanoi, Quang Ninh, Haiphong, and many other provinces. Cigarette counterfeiting has given rise to many serious negative practices. Shredded tobacco, paper, and aromas have been stolen and siphoned from the state-operated cigarette factory to these illegal trading dens. Many truck drivers and commercial cadres and employees who came to the factory to take delivery of genuine cigarettes subsequently replaced them by counterfeit ones.

We propose that this situation be put to an end.

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## ILLEGAL FUEL DEALINGS BY BEVERAGE SHOPS REPORTED

Hanoi NHAN DAN in Vietnamese 11 Nov 86 p 2

[Article by Nguyen Dai Thanh of Tu Liem, Hanoi, in Readers' Letters  
Column: "Coal, Gasoline, and Oil Dealings by Beverage Shops"]

[Text] Over the past few years, many beverage shops have emerged along Route 27, near the Dai Mo gasoline and oil depot and the Huu Hung brick and tile enterprise (in Tu Liem District, Hanoi). By all appearances, these shops sell beverage but clandestinely deal in many other kinds of goods without paying tax. Of late, the shop keepers have been dealing openly in state-owned coal, gasoline, oil, and materials by beckoning to trucks running on this road and enticing drivers to buy or sell these goods. Every shop keeper has built an open field on which coal can be conveniently poured down from automobiles. When looking into some of these beverage shops, we saw only a small table used to serve drinks but actually there was a large coal storage field behind each shop. On a recent afternoon, we saw a truck bearing license tag No OH-33-21 delivering its entire load of 5 tons of coal to a shopkeeper. Meanwhile, another truck with license tag No AS-51-20 was selling half its coal load and 100 liters of gasoline to another shopkeeper. Consumers of this coal and gasoline are riders of motorbikes and pack-bicycles who live in the neighborhood.

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## SON LA PROVINCE ENCOUNTERING MANY AGRICULTURAL DIFFICULTIES

Hanoi QUAN DOI NHAN DAN in Vietnamese 21 Dec 86 p 2

[Article by Tran Tich and Cam Tung: "Son La Develops Highland Strengths To Resolve Grain Problem"]

[Text] A highland province with spacious land and few people, the potential capabilities for developing the strengths of forests, livestock and industrial crops are fairly great but Son La is presently one of the provinces that is poor and encountering difficulties in grain.

Son La has an area of 1,460,000 hectares of natural land but only 190,000 hectares are cultivated, including only 14,000 hectares of wet rice fields. Within the transplanted rice area, only 7,000 hectares are capable of raising two crops while the remaining 7,000 hectares are at an altitude of 800 meters and up for which there is presently no suitable fifth-month--spring rice variety and only one tenth-month crop is raised. Besides such a tiny rice field area, Son La has about 16,000 hectares of land raising corn, 12,000 hectares of manioc, 100 hectares of galingale and nearly 45,000 hectares of upland field rice.

The 560,000 people of Son La have long wrestled with the fairly frustrating slash-burn upland fields without acquiring enough to eat. The central government must annually deliver tens of thousands of tons of grain to Son La.

The provincial party congress as well as the party congresses of basic units, districts and cities in the province have strictly reviewed many shortcomings, and have profoundly recognized that: because methods of observation have lacked totality and methods of making a living have lacked dynamism and creativity for the past many years, the difficult situation in grain has prolonged the confusion and brought greater socio-economic harm.

Due to a viewpoint that the communications and transportation situation was too difficult and that the delivery of a kilogram of grain from the lowlands was more expensive than on-the-spot production, Son La during the past several years has determinedly promoted grain production. Such a realization is correct but due to a lack of specific supervision, grain production has rapidly become arbitrary without organization or planning. All of the people, troops, cadres, workers, agencies and schools are producing grain for partial self-sufficiency. Therefore, an extremely simple form of grain production has spread throughout the province. Everyone competes to clear slash-burn fields in the forest. The slash-burn field area of Son La has rapidly increased from

more than 7,000 hectares to the present 45,000 hectares. Thus, in less than a full 10 years, Son La has more than 40,000 hectares of stripped forest land. The area of forest cover has decreased from 12 to the present 8 percent. It is sad to see that although the forest has been so seriously devastated, no significant increase has occurred in the grain output of the province. During the period of the past 5 years, output has hovered at 152,000 to 155,000 tons. Some districts such as Thuan Chau annually have thousands of hectares of forest destroyed with a serious decrease in grain output instead of an increase. From some years with 32,000 tons of grain, Thuan Chau has slipped to 30,000, 28,000 and in 1985 only 26,000 tons.

Thus, expansion of the upland rice area clearly cannot swiftly increase grain output because upland rice production follows a procedure of low production cultivation. Moreover, because the area of wet rice in the province during the past few years has not increased and has not been intensively cultivated, the increases in wet rice yields have declined or stopped with yields in some locations equal only to those of the upland rice. Meanwhile, there have appeared in many regions of Son La Province models of wet rice intensive cultivation with high yields that are not inferior to the advanced cooperatives in the lowlands. Thom Mon Cooperative in Thuan Chau District practiced water conservancy and introduced new rice varieties to intensive wet field cultivation to achieve a yield of 5 tons, then 6 and 7 tons, and this year nearly 9 tons of paddy per two-crop hectare. Thanks to multicropping and intensive cultivation of wet rice, Thom Mon has stabilized the monthly food level at 25 kilograms of grain per capita. Of even greater interest, because it has been able to attract the ethnic minority people to remain close to the intensively cultivated fields, Thom Mon Cooperative within the period of more than the past 10 years has continued to stabilize the slash-burn upland rice area at 202 hectares. Thom Mon's forest is rapidly regenerating and is considered by the villagers as an inviolable asset.

Observing the truth occurring within the province, with a spirit of thoughtful renovation, the party organization and ethnic minority compatriots of Son La are boldly changing their way of thinking and working in the problem of grain equilibrium in an upland area. The entire province is shifting its grain production from a perception of "self-supply" and "self-sufficiency" to one of "commodity production." In this spirit, since this 1986-1987 fifth-month--spring crop, Son La is emphasizing economic effectiveness in grain production and is maintaining close contact with the characteristics and strengths of the upland area. The entire province is rearranging production and applying priority and concentrated investment to swiftly create a volume of commodity products. Areas that were previously used for low-yield grain crops have now been shifted to industrial or export support crops. From the products of industrial and export crops, a source is formed to effectively return materials for the intensive cultivation of wet rice and subsidiary food crops, or to exchange for grain from neighboring provinces. During past years, the specialized cultivation regions of the province have not clearly formed or they have formed but have not stood firmly such as the tea region for example. There are many reasons for this such as the investment policy and prices but the primary obstacle is still that the supply of grain to the tea raiser is unsatisfactory. At the present time, because the province clearly defines the objectives of



specialized industrial crop cultivation regions in close connection with grain regions, the farmers have peace of mind in the production of crops suited in accordance with projected arrangement to the areas of land they are using. The regions of specialized corn, manioc and soybean cultivation and of export crops such as jade bamboo and kamala will advance a portion of the grain to provide laborers the conditions for product production.

A previous major shortcoming was an inactive and shallow production investment policy. The volume of materials and commodities of the province was usually only invested in accordance with a plan of partial advancement and investment in a thinly spread fashion. There was also a fairly large volume of materials and commodities of the province under the control of the grain, foreign trade and commercial sectors that was brought down to exchange only during the harvest season. Thus, the state at times would deliver goods and materials but the farmers had no products to exchange. A situation would therefore occur in which the farmers had no consumer goods to purchase and the state was unable to exchange grain and other agricultural products.

To take the initiative in grasping the source of agricultural products right from the production step, Son La has shifted to a priority investment course. The entire province has 881 agricultural cooperatives, nearly half of which have management and production levels of a simple form such as work exchange teams and therefore with production halted at the self-sufficiency level. Consequently, a high degree of investment in these cooperatives would not create a volume of commodities for society. During the next few years, Son La will select 200 cooperatives of an appropriate size with the conditions necessary for commodity production and especially with experience in wet rice and short-term industrial crop intensive cultivation for investment to build regions of specialized cultivation and high rice production. The Standing Committee of the Provincial People's Committee has met with economic sectors in the province to discuss methods of supervision and investment for 200 cooperative to urgently begin fifth-month--spring production in accordance with the new spirit. Nearly 300 technical and management cadres of sectors in the province and districts will be dispatched to work in the cooperatives. The province has a system of wage compensation, labor safety conditions and close connection of technical cadre responsibility with the final product of the cooperative. The province has withdrawn 700,000 dong from the budget to hold training classes for district and basic level cadres to give them a firm grasp of the new requirements for shifting the production course. Despite the many difficulties, the province during 1987 is setting aside 1,200 tons of rice for advancement to the regions of specialized industrial crop production and has expended 160,000 dollars to import additional nitrate fertilizer and insecticides for the priority rice growing regions.

During this fifth-month--spring season, the entire province is concentrating efforts to fully sow and transplant more than 6,000 hectares of wet rice, including the intensive cultivation of 3,000 hectares of high-production rice. At the same time, each basic unit is striving to sow and transplant the entire area of subsidiary crops of all varieties and to expand to 1,500 hectares of soybeans in the fields with only one tenth-month crop.



The determination of the party organization and people of Son La to shift the production course in order to solve the grain problem is becoming an action of the masses. From Son La City to the districts along the Da River there is heated discussion on the new working procedures, intensive rice cultivation, reducing the number of upland rice fields, and expanding the area of subsidiary food and industrial crops. From a position of insignificant soybean area, Son La City during this fifth-month--spring season is expecting to raise 600 hectares of soybeans on the single transplanted crop land. Thuan Chau District, a location now encountering difficulties, is also preparing conditions for the intensive cultivation of wet rice with a yield of 35 quintals per hectare and is introducing 400 hectares of soybeans into the single transplanted crop area. Son Mai District is concentrating investment in a corn area of 35,000 hectares to produce a large product during this spring corn crop. Song Ma District, the location with the greatest difficulties in grain, is also giving attention during this season to the intensive cultivation of subsidiary food and industrial crops and in reconsolidating the kamala area.

The atmosphere entering the winter-spring season of Son La is lively but first of all is encountering no small obstacles, demanding that the entire province have a high degree of effort. The realization of the ethnic minority compatriots has not easily and quickly absorbed and followed the resolutions of the Party Congress. In many places, they are still practicing nomadic farming and a nomadic life. The plan of this fifth-month--spring season, although formulated and agreed upon from the basic to the provincial level, is producing when put into practice imbalances in draft power, materials, fertilizer and especially a still fairly great shortage of newly introduced crop varieties. The entire province has up to 60,000 head of unpenned buffaloes and cattle, a concern in expansion of the subsidiary food and industrial area. Another problem arising is that from the very beginning, the province must immediately prepare "markets" for product distribution or exchange.

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